

Cabinet Agenda



30 January 2024 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

Councillor N Dudley (Active Chelmsford)
Councillor L Foster (Fairer Chelmsford)
Councillor I Fuller (Growing Chelmsford)
Councillor R Moore (Greener and Safer Chelmsford)

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

There is also an opportunity to ask your Councillors questions or make a statement. These have to be submitted in advance and details are on the agenda page. If you would like to find out more, please telephone Dan Sharma-Bird in the Democracy Team on Chelmsford (01245) 606523 email dan.sharma-bird@chelmsford.gov.uk

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THE CABINET

30 January 2024

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 14 November 2023.

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 Items

6.1 Annual Council Tax Support Scheme

6.2 Council Tax premiums on second homes and empty properties

7. Fairer Chelmsford Item

7.1 Private Rented Sector Offer Policy

8. Greener and Safer Chelmsford Item

8.1 Revocation of Air Quality Management Areas

9. Growing Chelmsford Item

9.1 Travelling Showperson Sites Planning Advice Note

10. Leaders Items

10.1 2024/25 Budget

10.2 Capital, Treasury Management & Investment Strategies 2024/25

11. 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.

12. 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 14 November 2023 at 7pm

Present:

Cabinet Members

Councillor S Robinson, Leader of the Council (Chair)
Councillor M Goldman, Deputy Leader and Cabinet Member for Connected Chelmsford
Councillor N Dudley, Cabinet Member for an Active Chelmsford
Councillor I Fuller, Cabinet Member for a Growing Chelmsford
Councillor R Moore, Cabinet Member for a Greener and Safer Chelmsford

Opposition Spokespersons

Councillors, J Jeapes, J. Raven, M Steel, S Sullivan, A, Thorpe-Apps, and R Whitehead

Also present: Councillors H. Clark, C. Davidson, R. Hyland and B. Knight

1. Apologies for Absence

Apologies for absence were received from Cllrs Eley, Foster, S. Goldman, Hawkins and Wilson.

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 10 October 2023 were confirmed as a correct record. The decision on 12 September 2023 in respect of the Hylands PSPO, had been called in by the Overview and Scrutiny Committee and considered on 19th October. The Committee had supported the decision of the Cabinet and did not wish for it to be amended.

4. Public Questions

No public questions were asked at the meeting.

5. Members' Questions

One question was asked at this point of the meeting and other questions were asked by Councillors under the relevant items. Cllr Thorpe-Apps asked a question about the use of

TruCam, on the back of growing concern about speeding and road safety within villages. They asked if it was considered an effective way of providing additional speed enforcement above any beyond what was already being delivered by the Safer Essex Road Partnership, Essex Police and Community Speedwatch. They noted that they understood the system was in use in Maldon and that they believed there was scope for the Safer Chelmsford Partnership to agree and investment in TruCam. They asked if the Council would consider making the investment in road safety and noted that it was odd that Chelmsford's parishes were not able to use the valuable tool.

In response the Cabinet Member for a Greener and Safer Chelmsford stated that the initial purchase was quite expensive but that officers had spoken with colleagues at Maldon District Council to see if they would consider carrying out enforcement within Chelmsford as a pilot scheme on an hourly rate. It was noted that there was interest but as they were recruiting officers, they would not be able to offer a service until February 2024 at the earliest. It was also noted that decisions around community safety priorities were based on the strategic assessment undertaken by the partnership annually. It was noted that a wide variety of data was analysed before proposing priorities for the One Chelmsford Board to endorse and that Community policing teams aligned their priorities with those from the partnership, but did also have scope to work to the priorities in the Police and Crime Plan and the Crime Prevent Strategy. The Cabinet Member also referred to the quarterly meetings held with Essex Police to discuss policing issues and recommended that the matter could also be raised then. The Cabinet Member also stated that they could not guarantee a service after the possible pilot but data from it would be analysed and other funding streams may come forward.

6.1 Community Infrastructure Levy: Governance Arrangements for the Neighbourhood Allocation in the Unparished Wards (Growing Chelmsford)

Declarations of interest:

None.

Summary:

The Cabinet considered a report proposing a new approach to how the Council governed the expenditure of the neighbourhood allocation of the Community Infrastructure Levy (CIL) within the nine unparished wards of the City's administrative area. It was noted that the proposed changes were being brought forward for two main reasons. Firstly, to ease pressure on the Council's capital programme and wider budget position and secondly to enable the funding to be used more strategically to deliver local infrastructure that supported the development that had come forward in the urban area. The Cabinet heard that the proposal would split 85% for City Council Capital projects and 15% for community led projects, with grants of under £10k still being approved under delegated powers with grants of over £10k still coming to Cabinet.

Options:

1. To agree the proposed changes to the governance of the CIL Neighbourhood Allocation in the nine unparished wards as set out in this report.
2. To make amendments to the recommendations set out within this report.
3. To not agree the proposed changes to the governance of the CIL Neighbourhood Allocation in the nine unparished wards as set out in this report.

Preferred option and reasons:

Option 1 was the preferred option for the reasons set out in the report, easing pressure on the Council's capital programme and wider budget position and enabling the funding to be used more strategically to deliver local infrastructure, that supported the development that had come forward in the urban area.

Discussion:

In response to questions from opposition members, the Cabinet Member for a Growing Chelmsford confirmed that as a result of the proposed changes the unparished areas would have 2% of CIL available for community requests. The Cabinet Member also stated that they would continue to look at improving the publicity of the available grants but in some instances the required organisations did not come forward for all of the available funds. Other members of the Cabinet also stated that this change would help to ensure all of the funds were actually spent for the benefit of residents. It was also noted that the unparished area did consist of nine wards, but for these purposes was referred to as one area.

RESOLVED that;

1. Cabinet adopts the suggested amendments to the governance of the neighbourhood allocation of CIL in the nine unparished wards as set out in this report, and
2. the Director of Sustainable Communities, in consultation with the Cabinet Member for a Growing Chelmsford is authorised to agree and publish the proposed changes within a revised Community Infrastructure Levy Governance (Allocating and Spending CIL) document.

(7.10pm to 7.25pm)

6.2 Publication of revisions to the Chelmsford Local Development Scheme (LDS) (Growing Chelmsford)

Declarations of interest:

None.

Summary:

The Cabinet considered a report that detailed the revised Local Development Scheme for approval and publication. The Cabinet noted that the LDS set out the programme of work for the preparation of statutory and non-statutory development plan documents for the period of 2023-28. The LDS had been recommended to Cabinet by the Chelmsford Policy Board on 2nd November 2023 and officers were confident that the timetable would be met.

Options:

To either approve or not the publication of the revised Local Development Scheme.

Preferred option and reasons:

To approve the publication of the revised Local Development Scheme as the Council is required to publish an up-to-date Local Development Scheme by the Planning and Compulsory Purchase Act 2004.

RESOLVED that the LDS set out in Appendix 1 be approved for publication.

(7.26pm to 7.29pm)

7.1 Proposed Amendments to the Constitution (Leader)

Declarations of interest:

None.

Summary:

The Cabinet considered the recommendations of the Constitutional Working Group arising from its reviews of the City Council's Constitution. The Cabinet were asked to consider two matters. Firstly, a clarification in relation to methods of voting at meetings. Secondly broadening the existing officer delegation to the Legal and Democratic Services Manager in relation to minor amendments to the Constitution, subject to consultation with the Chair of Governance Committee.

Options:

To either accept or reject the recommendations being made by the Constitutional Working Group and the Governance Committee to the Council.

Preferred option and reasons:

To recommend the proposed changes to the constitution for the reasons set out in the report and appendices.

RECOMMENDED to Council that it approve the amendments to the Constitution detailed in Appendix 1 to the report.

(7.29pm to 7.30pm)

7.2 Review of Scheme of Members' Allowances (Leader)

Declarations of interest:

None.

Summary:

The views of the Cabinet were requested on the recommendations of the Independent Remuneration Panel appointed to review the Council's Members' Allowances Scheme.

Options:

As the Cabinet was only being invited to comment on the Panel's recommendations the consideration of options was not applicable to this report.

Discussion:

The Cabinet heard a view from a ward Councillor, that the allowance for the Leader's and Opposition Leader's role was far too low and as a result the positions were being undervalued. They felt that these roles should attract a higher allowance and that the amount of Councillors should be reduced to fund the increases. In response the Leader of the Council noted that 34 of 57 Cllrs had responded to the survey and those responses were detailed in the report that would also go onto Council for a final decision. It was also noted that in terms of the numbers of Councillors, this was a separate matter for a future boundary review and did not apply to the Members Allowances Scheme.

RESOLVED that the Council be informed that the Cabinet has no comments on the recommendations of the Independent Remuneration Panel on the review of the Members' Allowances Scheme.

(7.30pm to 7.35pm)

7.3 Treasury Management Mid-Year Review (Leader)

Declarations of interest:

None.

Summary:

The Cabinet considered a report on the Treasury Management activities undertaken in the first part of 2023/24 and the extent of compliance with the approved Treasury Management Strategy. The Treasury Management and Investment Sub-Committee had concluded that no changes to the Strategy were required ahead of the full, annual review later in the financial year.

Options:

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

Preferred option and reasons:

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

Discussion:

The Chair of the Treasury Management and Investment Sub Committee, thanked the Section 151 officer and their team and other Sub Committee members, for their hard work in monitoring the investments and the strategy.

RESOLVED that the report on the Treasury Management activities in 2023/24 be noted and the Council be requested to review the report and approve the 2023-24 Treasury Strategy without change.

(7.36pm to 7.38pm)

7.4 North Essex Councils joint working arrangements (Leader)

Declarations of interest:

None.

Summary:

The Cabinet considered a report updating them on progress since agreeing the North Essex Authorities (NEA) Memorandum of Understanding in January 2023 which also sought approval to establish the North Essex Councils partnership.

Options:

1. To support the recommendation. The preferred option is for the Council to support the recommendation in this report, helping to mitigate a range of key strategic risks and opening-up additional opportunities that would not be available to the Council operating alone.
2. To not support the recommendation.

Preferred option and reasons:

Option 1 - The preferred option is for the Council to support the recommendation in this report, helping to mitigate a range of key strategic risks and opening-up additional opportunities that would not be available to the Council operating alone. Alternatively, not supporting the recommendation risks this Council jeopardising the increasingly positive relationships between North Essex Councils and missing out on the considerable potential benefits set out in this report.

Discussion:

The Cabinet heard that the partnership would enable opportunities to share back office services with other Councils, which would be beneficial in areas where it has been difficult to recruit to certain posts and to also explore other potential benefits. In response to a question, it was clarified that this would not put jobs at risk and would instead assist with opportunities to share resources more effectively.

RESOLVED to agree that Chelmsford City Council (the Council) will work in partnership with those Councils set out in paragraph 1.1 and will be collectively referred to as the North Essex Councils (NEC).

(7.38pm to 7.40pm)

8. Urgent Business

There were no items of urgent business.

9. Reports to Council

Items 7.1,7.2 and 7.3 were subject of a report to Council.

The meeting closed at 7.40pm

Chair



Chelmsford City Council Cabinet

30 January 2024

LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2024/25

Report by:

Cabinet Member for Connected Chelmsford

Officer Contact:

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

Purpose

To present for consideration a Local Council Tax Support (LCTS) scheme for 2024/25 to put forward for Full Council approval before 11 March 2024.

Recommendation

That Cabinet recommends to Full Council that the existing LCTS scheme for 2023/24 is adopted, without alteration, as the LCTS scheme for 2024/25.

1. Background

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

2. Current 2023/24 LCTS scheme summary

Key principles

- 2.1. The key principles of the existing LCTS scheme are as follows:
 - All working age recipients pay a minimum of 23% of their Council Tax liability. Pensioners can receive a maximum of 100% of their Council Tax liability
 - Council Tax liability, for the purpose of calculating entitlement, is restricted to the appropriate Band D level. For example, a working age person in a Band H property will have their LCTS calculated using the Band D amount applicable to the parish area in which they live. A pensioner household receives LCTS based on their actual liability regardless of Band.
 - LCTS is not available to working age households with more than £6,000 in savings. Pensioners can have up to £16,000 in savings before entitlement is removed.
 - Households with other non-dependant adults in them receive reduced amounts of LCTS as the non-dependants are expected to contribute

towards the running costs of the household. These contributions depend on the income of the non-dependant. Non-dependant deductions also apply to pensioner households, for whom the level is set by the Government.

- £10 per week of child maintenance received is disregarded. Any child maintenance paid to a pensioner household is disregarded in full.
- There are additional disregards to earned income to encourage work. This provision is more generous for the working age than for pensioners.
- For self-employed recipients, national minimum wage levels are assumed as income for the purposes of calculating LCTS entitlement if the declared income from self-employment is lower than the minimum wage. This applies after the first year of self-employment.

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

2.3. The Council is required to agree and approve a working age LCTS scheme for 2024/25. It is recommended that the 2023/24 scheme is retained in its current form without amendment. There may be amendments required for pensioner and/or working age households after any Council decision, as a result of changes to the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012. The 2024/25 LCTS scheme will be amended as required by law once any relevant Statutory Instrument is published. There is no requirement for Cabinet or Full Council to approve statutory changes.

3. Scheme Finances

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

3.2. Since the amount of grant in respect of LCTS is no longer separately identified it is not possible to accurately estimate the amount by which LCTS scheme expenditure exceeds the available grant. What is clear is that overall annual

amount of Government grant to the precepting bodies (Essex County Council, Chelmsford City Council and Essex Police, Crime and Fire Commissioner) is £170m less in 2023/24 than in 2013/14, while scheme expenditure remained relatively constant at around £6.5m per annum until 2019/20. It is reasonable to assume that the gap between CTS grant amounts and scheme expenditure has risen each year.

3.3. The Covid-19 pandemic and reduction in economic activity caused an increase in caseload numbers in 2020/21 and scheme expenditure rose to £6.88m in 2022/23. Although total Government grants to Essex precepting bodies increased by 2.57% overall in 2023/24, CTS scheme expenditure in 2023/24 has risen by 5.24% and stands at £7.455m in November 2023. This means that the shortfall between CTS grant and expenditure has increased once more. Given the very difficult budget position that the Council finds itself in for 2024/25, it is not advisable to increase the expenditure on the LCTS scheme by making its provisions more generous in 2024/25. It should also be borne in mind that increasing LCTS scheme expenditure will have a detrimental financial effect on the other preceptors, which are facing their own budget challenges. Conversely, as there are cost of living pressures on households in the wider economy and Council Tax levels are likely to rise, it would place additional pressure on low income residents if the Council attempted to reduce LCTS expenditure by making the LCTS scheme less generous.

3.4. As at the end of November 2023, the amount of LCTS paid to working age households totals £4.047m, with a further £3.408m paid to pensioner households. £1.476m of the working age total is being paid to households receiving minimum levels of income. As the only cost-effective method of recovery available in such cases is a £3.75 per week deduction from benefits, there is a strong likelihood that any attempt to reduce scheme expenditure by reducing the amount of LCTS that is paid would be matched by a comparable fall in collection rates. It is worth noting that, despite the increase in Council Tax rates in 2023/24, LCTS expenditure in respect of the poorest households has fallen slightly compared to 2022/23. LCTS expenditure in respect of households not receiving maximum LCTS has risen by 20% to £2.57m. In addition, all households will be affected by the high rates of inflation being seen in such basic necessities as food and energy costs, which will further increase the difficulty of council tax collection in 2024/25.

4. Equality Issues

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

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

4.2 An Equality Impact Assessment (EIA) for 2023/24's LCTS scheme is attached for reference at Appendix 1. This will need to be revisited if changes to the scheme are proposed in future years. The EIA identifies impacts upon relevant groups and any mitigations which are in place. It is important that decisions relating to our LCTS scheme are taken with these matters in mind. Although the PSED does not prevent councils from taking decisions which impact adversely on groups with 'protected characteristics', they must ensure that they are not impacted in a worse fashion than non-protected groups.

5. Conclusion

5.1 The LCTS scheme is an important support for low income households. Given the current economic climate and the ongoing uncertain economic outlook for 2024/25, it is not considered desirable to reduce the level of support provided by the LCTS scheme and nor do the Council's finances permit any expansion to scheme expenditure by making it more generous. It is recommended that the current 2023/24 LCTS scheme is adopted unchanged for 2024/25.

List of appendices:

Appendix 1 – Equality Impact Assessment

Background papers:

None

Corporate Implications

Legal/Constitutional: A local scheme must be agreed by Full Council before 11 March 2024. If Cabinet is minded to propose changes to the existing scheme, a public consultation lasting a minimum of six weeks must take place on any proposed change. This paper cannot be deferred to a later meeting as a delay would mean that there would be insufficient time to obtain a ratifying decision at Full Council.

Financial: The exact relationship between reducing LCTS expenditure and Council Tax collection rates is unclear, although in-year collection rates of Council Tax have

dropped by 2% since LCTS was introduced in April 2013. 2% equates to a shortfall of £2.87m on an estimated Council Tax debit of £143m in 2023/24, although strong performance on arrears collection in subsequent years has largely offset this reduction. 2023/24 collection performance is expected to be lower, with collection rates currently 0.45% lower than in 2022/23.

Potential impact on climate change and the environment: None.

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

Personnel: None

Risk Management: None

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

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

Health and Safety: None

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

Other:

Consultees:

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

Relevant Policies and Strategies:

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

Benefits Operational and Internal Security Policy

Benefits Customer Service Policy

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

A: Assessor Details	
Name of policy / function(s):	Local Council Tax Support scheme with effect from April 2024
Officer(s) completing this assessment:	Robert Hawes
Date of assessment:	14 December 2023
B: Summary Details	
Description of policy, strategy or activity and what it is aiming to do	<input type="checkbox"/> new OR <input checked="" type="checkbox"/> existing (<i>If existing, when was the last assessment?</i> December 2022) <input type="checkbox"/> internal OR <input checked="" type="checkbox"/> external (i.e. public-facing) <input type="checkbox"/> statutory OR <input checked="" type="checkbox"/> non-statutory – parts of the policy will be governed by statute, those affecting pensioners and rules relating to entitlement to persons from abroad for both pensioners and working age
Policy Owner (service)	Revenues and Benefits
Scope: Internal - Service/Directorate/Council wide External – specify community groups	External – applies to any member of the community on a low income requiring assistance with their Council Tax liability

C: Assessment of impact

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

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

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
<p>Age What will the impact be on different age groups such as younger or older people?</p>		<p>The amount of assistance available does vary dependent upon age, although no changes are proposed in this respect for 2024/25.</p>		<p>Pensioners receive additional allowances which ensure that they receive more support than a working age person with the same income. Individuals or households where both members are under 25 will receive less assistance than when one or both members are over 25. This disparity in assistance is a standard feature of all welfare benefit schemes. Pensioner households are entitled to a maximum of 100% of their Council Tax liability. Working age households are entitled to a maximum of 77% of their Council Tax liability</p>	

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
Disability Consider all disabilities such as hearing loss, dyslexia etc as well as access issues for wheelchair users where appropriate			No changes are proposed to affect people with this characteristic		Additional allowances are already in place for people receiving specified disability benefits.
Pregnancy and maternity Pregnant women and new and breastfeeding Mums			No changes are proposed to affect people with this characteristic		Households with children receive additional allowances which result in higher entitlements. Chelmsford City Council has not implemented the wider welfare benefit policy which restricts that assistance to the first two children in a household.
Marriage or Civil Partnership Could this policy discriminate on the grounds of marriage or civil partnership			There is no distinction between the treatment of married persons, persons in a civil partnership or unmarried couples.		
Sex Is the service used by people of			No distinction is made in the		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
both male and female biological characteristics or intersex and are the sexes given equal opportunity?			assessment of entitlement as a result of biological gender.		
<p>Gender reassignment Is there an impact on people who are going through or who have completed Gender Reassignment?</p> <p>Additionally, is there an impact on people with different gender identity?</p>			No distinction is made in the assessment of entitlement as a result of gender identity.		
<p>Religion or belief Includes not having religion or belief</p>			No distinction is made in the assessment of entitlement as a result of religious belief.		
<p>Sexual Orientation What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?</p>			No distinction is made in the assessment of entitlement as a result of sexual		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
			orientation.		
Race Includes ethnic or national origins		Yes		Brexit removed entitlement from EU nationals without 'settled status'. This is in addition to the restrictions to benefit already in place on non-EU nationals.	This element of the policy is dictated by Government by way of statutory instrument and cannot be amended by the Council.
Are there any other groups who could find it difficult to access or make use of the policy / function? For example: low income / people living in rural areas / single parents / carers and the cared for / past offenders / long-term unemployed / housebound / history of domestic abuse / people who don't speak English as a first language / people without computer access etc.			No		

D: Consultation process, information used to analyse the effects on protected groups/equality and key findings		
Please describe the consultation process and evidence gathered. You may attach copies or links to the data / research you are using.		
1.	<p><u>Consultation/engagement</u> What consultation or engagement has been undertaken regarding this policy? <i>[Please summarise what, when and who was involved]</i></p>	<p>The policy was subject to public consultation between 3/12/20 and 18/01/21. Following analysis of the consultation responses, this impact assessment was amended. No substantive changes have been made to the policy since that date.</p>
2.	<p><u>Key findings</u> <i>(Summarise the key findings of your consultation in relation to protected groups as outlined above).</i></p>	<p>The consultation attracted very few responses. However, each of the three respondents who identified themselves as being in one or more of the protected groups agreed that the proposed change in wording should be made, with one respondent suggesting that the change should be more wide-ranging to allow changes in scheme design to be made at any time.</p>
3.	<p><u>Data/Information</u> What relevant data or information is currently available about the customers and employees who may use this service or could be affected by this policy? <i>(For example: equality monitoring, surveys, demographic data, research, evidence about demand/ take-up/satisfaction etc).</i></p> <p>What additional information could be collected which would increase your understanding about the potential impact of the policy? <i>(What involvement or consultation with affected groups is still needed?)</i></p>	<p>Incomes, capital holdings, age, sex and household make-up of existing recipients of Council Tax Benefit recipients are known. Data regarding disability can be inferred from both income and qualification for additional premiums. Data regarding ethnicity, sexual orientation, religious beliefs and language is minimal as these characteristics are not relevant when assessing entitlement. Respondents to the consultation were given the option to provide ethnicity, age, sexual orientation, disability and religious beliefs in addition to their answers.</p> <p>Feedback from customers, voluntary or community groups, advice agencies and residents was sought as part of the consultation.</p>

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

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

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

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

F: Conclusion	
Decision:	Explanation:
<p><input checked="" type="checkbox"/> Continue the policy with no changes <i>[For example: evidence suggests no potential for discrimination / all opportunities have been taken to advance equality.]</i></p>	
<p><input type="checkbox"/> Continue the policy with adjustments <i>[For example: Low risk of negative impact / actions or adjustments would further improve positives or remove a potential negative impact.]</i></p>	
<p><input type="checkbox"/> Adverse impact but continue <i>[For example: Negative impact has been objectively justified.]</i></p>	
<p><input type="checkbox"/> Suspend or withdraw the policy for further review / consideration of alternative proposals <i>[For example: High risk of negative impact for any group / insufficient evidence / need to involve or consult with protected groups / negative impact which cannot be mitigated or justified / unlawful discrimination etc.]</i></p>	

Approved by:

Lead Officer / Responsible officer:Date:

Senior Manager: ...Robert Hawes.....Date: ...14 December 2023.....

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



Chelmsford City Council Cabinet

30 January 2024

Amendments to Council Tax Premiums in respect of empty properties

Report by:

Cabinet Member for Connected Chelmsford

Officer Contact:

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

Purpose

To confirm the extension, as agreed by Cabinet on 14 March 2023 and Full Council on 25 July 2023, of Council Tax premiums levied in respect of empty properties once a property has been empty and unfurnished for 12 months or if a property is empty, substantially furnished and nobody's main residence (a second home), and to clarify implementation dates and exceptions.

Options

1. To confirm the implementation dates of extended 100% Council Tax premiums as detailed in the recommendations
2. To agree local exceptions to the 100% Council Tax premiums as detailed in the recommendations
3. To note proposed statutory exceptions to the 100% Council Tax premiums and agree delegated powers to implement them

Recommendations

That Cabinet recommends to Full Council that the imposition of a Council Tax premium of 100% after a property has been empty and unfurnished for 12 months is effective from 1 April 2024.

That Cabinet recommends to Full Council that the imposition a Council Tax premium of 100% in respect of unoccupied dwellings, which are substantially furnished and nobody's main residence (second homes), is effective from 1 April 2025.

That Cabinet notes the proposed statutory exceptions to the imposition of Council Tax premiums and agrees an additional local exception in respect of second homes where planning constraints do not permit sale or lease of a property.

1. Background

- 1.1. Following its meeting on 14 March 2023, Cabinet recommended to Full Council that the scope of existing Council Tax premiums in respect of empty properties should be extended to apply to empty and unfurnished properties after they had been empty for 1 year rather than the current 2 years. Cabinet also recommended that a Council Tax premium of 100% should be applied to second homes, which are defined as properties which are empty, substantially furnished and nobody's main residence. Full Council accepted these recommendations at its meeting on 25 July 2023. The Cabinet report from 14 March 2023 is attached as a background paper to this report.
- 1.2. At the time of the original report, the Levelling-up and Regeneration Bill, which contained the provisions to amend s.11 of the LGFA 1992 to allow the imposition of these premiums, was still passing through Parliament and it was not clear when increased premiums could be imposed. The Bill has now received Royal Assent and definite commencement dates for these measures can now be set.
- 1.3. The Levelling-up and Regeneration Act 2023 includes provisions allowing the Secretary of State to define cases where Council Tax premiums may not be imposed. Such regulations have not yet been laid but an earlier consultation has given an indication of the situations where the Government is likely to legislate.
- 1.4. Local authorities also have the power to decide additional cases where they may not wish to impose a premium and this report makes a specific suggestion for approval. This report requests delegated authority to the Director for Connected Chelmsford to implement agreed local exceptions and any others which the Government may subsequently prescribe by regulation or guidance.

2. Long Term Empty Premium extension

2.1. As described in the background paper, the long term empty premium currently applies to properties which have been empty and substantially unfurnished for at least 2 years. The recommendation made by Cabinet and approved at Full Council was to reduce that timescale so that properties empty for 12 months would attract a 100% Council Tax premium. The Levelling-up and Regeneration Act 2023 confirms that this change can be applied from 1 April 2024. Applying the change results in the following situation:

Length of time property empty	Council Tax payable
0 to 3 months	0%
3 months to 1 year	100%
1 to 5 years	200% (100% Council Tax plus 100% premium)
5 to 10 years	300% (100% Council Tax plus 200% premium)
More than 10 years	400% (100% Council Tax plus 300% premium)

2.2. Not all properties which are empty and unfurnished attract a Council Tax liability. There are exemptions for properties awaiting probate or empty because: the resident is in prison or in a care home; the property has been repossessed, cannot be lived in by law or has been compulsorily purchased and will be demolished.

3. Properties empty and substantially furnished – ‘second homes’

3.1 The Levelling-up and Regeneration Act 2023 has specified that at least one financial year’s notice must be given of an intention to apply a 100% Council Tax premium in respect of properties which are described as ‘dwellings occupied periodically’. In effect, these properties are empty, substantially furnished and nobody’s sole or main residence. The year’s notice period means that the premium can be applied with effect from 1 April 2025.

3.2 The Council will use the intervening time until 1 April 2025 to advise existing second home owners, who currently benefit from a 10% discount on their Council Tax, of the change in policy and its financial effect.

4. Exceptions to the imposition of Council Tax premiums

4.1 The Government has released the results of a consultation which sought views on possible categories of dwelling which should be dealt with as

exceptions to the Council Tax premiums

<https://www.gov.uk/government/consultations/proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums/consultation-on-proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums-in-england> . This can be viewed as a useful indication of the Government's

likely approach when it uses its powers within the Levelling-up and Regeneration Act to specify types of property which will not be subject to the imposition of Council Tax premiums, either indefinitely or for a finite period.

4.2 The consultation proposed that the following classes of property would be exceptions to premiums:

- **Properties undergoing probate** – both empty properties and second homes are likely to be exempt from the premium for up to 12 months after the grant of probate or letters of administration.
- **Properties that are actively being marketed for sale or rent** – likely to be exempt for up to six months, although either guidance or a local policy will be required to clarify the evidence required to support such an exception.
- **Empty properties undergoing major repairs** – likely to apply for 6 months where empty properties are undergoing major repair work or structural alteration.
- **Annexes forming part of, or being treated as part of, the main dwelling** – such annexes are proposed to be completely exempt from imposition of any premium.
- **Job-related dwellings** – currently there is a discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the post and it is the type of employment where it is customary for employers to provide dwellings for employees. The Government proposes that the dwelling should also be an exception to the second home premium. The exception will not apply in cases where somebody chooses to have an additional property in order to be closer to their place of work, whilst maintaining a family home elsewhere or where an individual is posted to a new location but maintains their previous address.
- **Occupied caravan pitches and houseboat moorings** – the Government proposes that these caravans and boats should be an exception to the second home premium.
- **Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence** – the Government proposes that properties which have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12 month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence should be an exception to the second homes premium.

4.3 In addition to the likely Government exceptions above, it is proposed that the Council also makes the following exception to the second homes premium – where a property is prevented from being marketed for sale or lease by a planning condition it should not be subject to the second homes premium. The rationale for this is that there are cases where properties are technically second homes, but the owners are prevented from disposing of them. In this event, the policy would simply penalise owners and not contribute to increasing the stock of available housing.

4.4 A policy will need to be developed to encompass all local and statutory exceptions and it is recommended that the Director of Connected Chelmsford is granted delegated powers to develop and amend existing policies as appropriate in conjunction with the Revenue and Benefit Services Manager.

5. Conclusion

5.1 This report confirms the use of financial penalties as a method to encourage owners to bring under-used accommodation back into general residential use. It clarifies the dates of implementation and identifies potential exceptions to the policy. Having declared a housing crisis in February 2022, the Council is obliged to use appropriate available methods to increase the supply of residential accommodation to its residents.

List of appendices:

None

Background papers:

Cabinet 14 March 2023 [agenda item 6.1– Amendments to Council Tax Premiums in respect of empty properties with effect from 1 April 2024](#)

Corporate Implications

Legal/Constitutional: All relevant legal considerations are addressed within the body of the report and the proposed policy.

Financial: Increases to the level and scope of Council Tax premiums is likely to generate additional income

Potential impact on climate change and the environment: None.

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

Personnel: None

Risk Management: None

Equality and Diversity: None

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

Health and Safety: None

Digital: None

Other:

Consultees:

Director of Connected Chelmsford and Legal and Democratic Services Manager

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

Chelmsford Housing Strategy 2022-2027



Chelmsford City Council Cabinet

30th January 2024

Private Rented Sector Offer Policy

Report by: Cabinet Member for a Fairer Chelmsford

Officer Contact: Paul Gayler, Strategic Housing Services Manager,
paul.gayler@chelmsford.gov.uk Tel: 01245 606375

Purpose

To present a Private Rented Offer Policy which provides a framework to effectively enable the Council to end their main homelessness duty with an offer of accommodation within the Private Rented Sector, without the applicant's consent.

Options

1. Approve the Private Rented Sector Offer Policy as presented.
2. Approve the Private Rented Sector Offer Policy with amendments.
3. Decline to approve the Private Rented Sector Offer Policy.

Recommendations

1. The Private Rented Sector Offer Policy be approved as presented.
-

1. Background

- 1.1 Local housing authorities have a statutory duty to secure accommodation for certain categories of people who are at risk of homelessness. In 2018 this was extended by the Homelessness Reduction Act to also work to prevent homelessness and in cases where this is not possible to relieve homelessness by helping applicants find alternate accommodation. In cases where homelessness can be neither prevented nor relieved local housing authorities then need to establish whether there is a duty to provide settled accommodation that is suitable; suitable means homes that are of the right size, in the right location, affordable for each particular household and expected to be available for at least two years. The offer of a suitable privately rented property can therefore be used to relieve homelessness under s189 or to meet what is often referred to as the 'main duty' under s193 of the Housing Act,
- 1.2 Section 189(B)(2) of the Housing Act 1996 allows a local authority to take reasonable steps to help an applicant to secure suitable accommodation that is available for the applicant's occupation for at least 6 months to relieve homelessness. The Localism Act 2011 changed the way in which the duty on local authorities to secure accommodation, under section 193(2) of the 1996 Act, could be an offer of suitable accommodation in the private rented sector.
- 1.3 This change gave local authorities the power to end the main homelessness duty with a Private Rented Sector Offer, regardless of the applicant's preference of a private or Registered Provider as the landlord. The duty can only be ended in the private rented sector in this way with a minimum 12 month assured shorthold tenancy in a suitable property. Suitability includes, where relevant, access to education, employment, health and other types of support including, for example, places of worship.
- 1.4 Access to affordable housing in the private rented sector in Chelmsford is limited and to enable placement outside of the District an amended Private Rented Sector Policy Offer Policy is proposed. This is necessary in order for the Council to continue to meet its legal duties to those it has a duty to house at a time when the gap between need and supply would otherwise be unmanageable.
- 1.5 The proposed policy is aligned to Chelmsford City Council's Homelessness and Rough Sleeping Strategy 2020-24 and is being proposed due to the current housing market conditions and increased demand for permanent housing and temporary accommodation arising from the Homelessness Reduction Act 2017 which introduced new accommodation duties towards homeless households. A policy is required to demonstrate that the Council understands its legal duties under the legislation and has a fair and consistent process for allocating privately rented homes in addition to its allocation policy for the Housing Register.

2. Context

- 2.1 Social and affordable housing in Chelmsford is in high demand, and there are far more people on the Register than there are homes available. There are currently 1300 households on the Register. At the time of writing this report 118 households have been successfully rehoused from the register this financial year. Therefore, most households are not likely to be successful in finding a home through the Housing Needs Register (49 new builds are in development during 2023/24). In common with many other areas, there has been a considerable reduction in the supply of affordable homes (around 50% lower compared with the previous decade) and now a reduction in the number and affordability of privately rented homes which has until recently been a helpful supplement to the local supply of affordable homes.
- 2.2 There has been an increase in homelessness applications since the implementation of the Homelessness Reduction Act 2017 (which came into effect in April 2018). In 2018/19 the number of homeless enquiries was 776 but rose to 1155 in 2022/23. In October 2023 there were 474 households in Temporary Accommodation, 196 of whom are waiting for a permanent solution.
- 2.3 Homelessness demand in the longer term is difficult to predict as it is driven by a complex range of social, economic, and external factors, as well as changes to national legislation and policy. The availability of housing in Chelmsford has been significantly impacted by the housing market conditions including the extended differentials between housing costs and average incomes, the availability of homes in the private rented sector, and reductions in turnover in social and affordable housing as the housing market stagnates. The impact of increased interest rates and lack of certainty is slowing down the housing market further and reducing opportunities for people to move.

3. Private Rented Sector Offer Policy (PRSO)

- 3.1 The introduction of this Policy will enable the Council to secure housing in the private rented sector and therefore meet its main homelessness prevention or relief duty.
- 3.2 The Private Rented Sector Offer Policy document is attached at Appendix 1. It clearly sets out the approach to be taken by the Council in sourcing private rented accommodation when discharging its homelessness duty. The approach ensures that any property is suitable and affordable.
- 3.3 Allocating to the private rented sector in accordance with the policy will ensure the Council lawfully meets its homelessness duties.

4. Conclusion

- 4.1 The demand for social and affordable housing is increasing as is the number of people approaching the Council for advice and assistance due to homelessness or the threat of homelessness.
- 4.2 Adoption of a Private Rented Sector Offer Policy provides the Council with the opportunity to discharge homelessness duties through offers of accommodation into the private rented sector and extending accessible housing options outside of the District. Offers will still comply with the legal guidance of suitability which vary from one household to another. All applicants will have a legal right to request a review of any offer made but where this is found to be a suitable offer no further assistance would be provided and any offer of temporary accommodation would be ended with reasonable notice.

List of appendices:

Appendix 1- Private Rented Sector Offer Policy

Background papers:

None

Corporate Implications

Legal/Constitutional: These are set out in the report. This policy falls within Cabinet remit to approve.

Financial: None. The implementation of the policy should reduce the amount of temporary accommodation.

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: An Equality Impact Assessment has been carried out.

Health and Safety: None

Digital: None

Other: None

Consultees:

None

Relevant Policies and Strategies:

Chelmsford Housing Strategy 2022-2027

Chelmsford Homelessness and Rough Sleeping Strategy 2020 -2024

Private Rented Sector Offer Policy

1.0 Background

Due to the housing crisis, a reducing supply of affordable homes and a significant rise in approaches for housing and homelessness applications, the demand for social and affordable housing outstrips the availability and supply. This policy statement sets out Chelmsford City Council's (the Council) policy for offering Private Rented Sector Offer (PRSO) accommodation.

The Localism Act 2011 changed the way in which the duty on authorities to secure accommodation under section 193(2) of the 1996 Act can be an offer of suitable accommodation in the private rented sector.

The changes made to section 193(2), specifically at section 193(7AA)(7AC) gives local authorities the power to end the main homelessness duty with a PRSO. The duty can only be ended in the private rented sector in this way with a minimum 12 month assured shorthold tenancy in a suitable property. In relation to suitability, whilst a number of relevant factors can and will be taken into account on a case-by-case basis, the Homelessness (Suitability of Accommodation) (England) Order 2012 set out a list of ten factors relating to the physical condition of the property and the character of the landlord in relation to PRSO and those factors must be complied with before the Council can be satisfied the accommodation is suitable.

2.0 Rationale

In Chelmsford there is a high demand for accommodation but a very limited supply of social or affordable housing, therefore we are having to look increasingly at the resources offered by private sector housing.

The Council use this power to discharge the Section 193 homelessness duty into suitable private sector rented accommodation where appropriate.

The Council's policy is that a PRSO can be made to any applicant in discharge of the main housing duty in any case where it is permissible in law.

The Council anticipates that a PRSO will be appropriate for most applicants, unless there are exceptional circumstances which mean that this is not possible. We therefore expect to use the power to discharge duty into the private rented sector in many cases where a homelessness duty is accepted. For the avoidance of doubt, this is not a blanket approach to the ability to use PRSO under section 193 of the Housing Act 1996; the Council will make a decision in accordance with the law on a case-by-case basis. However, the Council will in all cases where a homeless duty is accepted actively consider using the power to discharge the main homelessness

duty through a PRSO, considering the shortage of social housing in the district and the costs of providing temporary accommodation to homeless households.

In developing the policy regard has been had to the relevant statutory provisions, statutory guidance and caselaw.

This policy applies only to applicants who approached the Council as homeless or threatened with homelessness on or after 9 November 2012.

3.0 Key Principles

The Council's policy is to make available suitable PRSO accommodation within Chelmsford wherever reasonably practicable, except in cases where there is a specific reason why the household should not be accommodated within the district which may include:

- Those who are at risk of domestic abuse or other violence in the Chelmsford district;
- Those who on the advice of services for the management of offenders would benefit from being housed outside of the district;
- Those with substance abuse problems who would benefit from being accommodated outside the area to help break links with previous contacts or others who need help to avoid those who could exert a negative influence;
- Those who would benefit moving closer to employment or would have a better level of support in another area;
- Applicants who have expressed a need or desire to move to another area.

The Council will assess whether accommodation is suitable for each household individually, and case records should demonstrate that they have taken the statutory requirements into account in securing the accommodation.

Any decisions regarding an offer of a PRSO will have regard to the Council's obligations under the Children Act 2004 including the need to safeguard and promote the welfare of children.

Any decisions regarding an offer of a PRSO will have regard to the provisions of the Homelessness (Suitability of Accommodation) Order 2012 and the Code of Guidance.

3.1 Sourcing Accommodation

Accommodation may be acquired from providers by the Council's housing services, or applicants may find their own property.

Changes to the local housing market and other factors largely outside the Council's control have made it increasingly difficult to acquire properties for use as PRSO accommodation in the district and in surrounding areas that meet the standards that are required, in particular homes that are affordable.

The service may therefore acquire properties in a range of other locations where it appears the supply of units in the district whether social housing through the Housing

Register or homes available to rent from private landlords will not be sufficient for the anticipated demand.

The level of supply of private rented sector accommodation will impact upon the number of applicant's who will be made a suitable PRSO.

3.2 Property Standards / Suitability

All accommodation offered as a PRSO will conform to agreed minimum property standards:

- The accommodation is in reasonable physical condition and free of Category 1 hazards;
- The accommodation, appliances and furnishings comply with relevant fire and electrical safety legislation;
- If subject to House in Multiple Occupancy licensing the property is licensed;
- There is a valid Energy Performance Certificate;
- There is a current Gas Safety record;
- There is a valid Energy Performance Certificate;
- There is a current Gas Safety record;
- All parts of the property and furnishings comply with Fire Regulations;
- The size of any property complies with the Council's policy for the allocation of homes;
- The offer is affordable taking into account the applicant's financial means;
- Arrangements are made to meet the educational needs of children;
- Arrangements for accessing medical treatment;
- Access to public transport, shops and other facilities.

Where applicants have found their own properties which have not been inspected by the Council, the Council will obtain evidence from the landlord that confirms its suitability.

These standards meet the requirements of the Homelessness (Suitability of Accommodation) Order 2012 and the Homelessness Code of Guidance for Local Authorities.

In assessing the **suitability & affordability** of any property for a PRSO for a particular applicant, the Council will consider whether the applicant can afford their housing without being deprived of basic requirements such as food, clothing, heating, transport and other essentials, and in so doing will take account of the costs arising from the location of the accommodation.

3.3 Location

The Council will also take account of the **location** - distance from the district, potential disruption to employment, education or caring responsibilities, accessibility of essential medical facilities and support, and accessibility of local amenities, services, and transport.

4.0 Offering PRSOs

The decision about whether to make an offer of private rented accommodation as discharge of the S193 homelessness duty to a particular household will be made on a case-by-case basis and will be based on a range of circumstances including:

4.1 The ability of the applicant to manage a private rented sector tenancy.

This will initially be assessed by the service at the point of application but can be reconsidered at any point including when a potential property has been identified.

4.2 Suitability assessment. To include (this is not an exhaustive list) affordability, availability and cost / impact on the Council's finances, and the proportionate impact of the disruption. Every applicant will have an affordability assessment to determine the maximum rental costs which can be expected to be met from their income and personal finances.

4.3 Location - All properties provided to be used for PRSOs will be zoned as follows:

Zone A - located in Chelmsford City Council area

Zone B - located in adjacent local authority areas, Braintree, Maldon, Rochford, Basildon, Brentwood, Epping and Uttlesford

Zone C - located in other districts of the county of Essex.

Zone D - located outside of Essex.

Where it is not reasonably practicable to offer a property in Zone A within a reasonable time, due to the availability of affordable of housing and costs to the Council of maintaining the household in temporary accommodation, a sequential search for a property in Zone B or Zone C may be offered, depending on its suitability for the applicant and their household before considering a property in Zone D.

When making placements in Zone B the aim is to work effectively moving out from Chelmsford taking a concentric approach, minimising the distance away from the district, however this will be impacted by transport links and housing markets in the surrounding areas.

Where this policy is being applied and the applicant has accepted a PRSO but requested a review of its suitability, other applicants who have not yet been made a PRSO will be prioritised ahead of the relevant applicant.

Where applicants have expressed a wish to be housed in a particular location outside Chelmsford this will be considered when identifying properties.

Applicants will be individually assessed prior to any offer to determine the type and location of accommodation that should be offered.

The size of property offered will reflect the Council's Housing Allocations Scheme.

In cases where the applicant has accepted an offer made under this policy their cases will be regularly reviewed taking into account any expected date of the expiry of a tenancy.

5.0 Process and prioritisation

Before an offer is made, a matching exercise will be carried out considering the requirements of the household and the nature and location of the individual property; the results of this matching exercise will be recorded in full on the applicant's file.

The following households will normally be given highest priority for accommodation within or close to the district in Zones A or B (or close to their place of employment/medical facilities/place of education as appropriate).

- Households with one child (or more) in secondary school in the year at the end of which they take their GCSEs or AS or A level exams.
- Households with one child (or more) who has an Education Health and Care Plan, including SEN.
- Households with one child (or more) who is the subject of a Child Protection Plan
- Households where one person (or more) is receiving medical treatment that can only be provided by a specific medical facility: this group will be prioritised for housing as close as possible to the medical facility, including people on end-of-life care.
- Households where one person (or more) is in permanent and settled part time or full-time employment and has been for at least three months prior to the date of the offer (or in appropriate circumstances the review). Part time employment must be for a minimum of either 16 hours for a single person household or 24 hours for a couple per week— this group will be prioritised for housing as close as possible to their workplace.
- Households where a member of the household is the main carer for another person in the Chelmsford district who falls into one of the following categories:
 - a) Over 75 years old and living alone, or with no other member of the household under 75 years of age, OR
 - b) In receipt of a registered care package, OR
 - c) In receipt of the medium or higher rate of the care component or the higher rate of the mobility component of the Disability Living Allowance, Attendance Allowance or War Disablement pension, or Foster Carers.

It should be noted that the above categories and priorities are for guidance only and the individual circumstances of each household must always be taken into account when determining the suitability of a PRSO and other housing options.

Given the shortage of available properties, it is likely that officers will need to make decisions to prioritise the offer of particular properties available in Zones A and B not

only between households who fall into one or more categories described above, but also between households who do not fall into any of the categories.

The following circumstances will be considered when prioritising between households:

- a) Level of need relating to the welfare and safeguarding of any children in the household
- b) Level of educational need
- c) Identified risks posed by living in particular areas
- d) Permanency/flexibility of employment
- e) Access to transport
- f) Level of need to be close to services and amenities
- g) Level of need to be close to health services
- h) Level of need to be close to support networks
- i) Level of need to be close to cultural or religious amenities
- j) Impact on caring responsibilities
- k) Affordability of the accommodation
- l) Impact of the relocation, and of occupying the accommodation on a continuing basis, on the well-being of household members
- m) Impacts of the relocation, and of occupying the accommodation on a continuing basis, on the well-being of any children in the household, having regard to the Council's duty under the Children Act 2004 to safeguard and promote their well-being

The impact of these and any other relevant circumstances will be considered both individually and cumulatively. Households that have a relatively low level of need when considering the above circumstances are more likely to be offered accommodation in Zones C and D (if suitable).

However, even if a household is considered to have a lower level of need than other applicants to be in or close to the Chelmsford district, they will be offered available units in Zone A or Zone B if these units are not required by higher priority households.

Before an offer of PRSO accommodation is made, an affordability assessment will be carried out to ensure that the offer is suitable for the household. This will consider Local Housing Allowance levels and the applicant's current and likely future circumstances.

Households in receipt of welfare benefits may be subject to restrictions on the amount of benefit they can receive, which may affect their ability to pay rent. This will be considered as part of the affordability assessment.

Offers of accommodation in Chelmsford or adjacent districts are subject to suitable accommodation being available and the applicant being able to afford accommodation in these areas. Those on low incomes are less likely to be able to afford a PRSO property in Chelmsford.

Before an offer of PRSO accommodation is made the Council will consider the support and relocation need of the household making such inquiries as necessary to be satisfied that those needs will be met.

6.0 Rights of Review

Any PRSO offer will contain information for applicants about their right to request a review on the suitability of the accommodation offered. Applicants can request a review within 21 days of receipt of notification of a PRSO.

The Council will consider whether to accept review requests received after 21 days but will not be obliged to carry out a review. The Council will complete the review within 56 days (unless an extension is agreed). The review will be carried out by a senior officer who will not have been involved in the original decision.

If a PRSO is refused, the property will not be held open while a review is conducted. An applicant can accept the PRSO, move in and still exercise the right of review.

If the review upholds the original offer, and the PRSO was accepted, then the applicant may remain in the PRSO property. If the review overturns the original decision to make the offer and/or discharge duty, a new offer will be made, and interim accommodation will be provided in the interim period.

If an applicant does not move into a PRSO property and requests a review, an assessment will be made on whether to exercise a discretionary power to provide interim accommodation pending review. This discretion will be exercised in accordance with the principles in Camden LBC ex parte Mohammed 1997.

If the review upholds the original decision, then no further offers will be made, and the council's duty will remain discharged.

7.0 Support and Resettlement

The Council will provide information for applicants placed in PRSO accommodation which covers help with removals and setting up home, how to get repairs done, getting school places, accessing transport and leisure.

The Council will provide details of incoming households to receiving boroughs as required under section 208 of the Housing Act 1996.

For any household placed in PRSO accommodation outside of the district, information will be provided on how to access local services, amenities, and facilities in the local area.

This will include:

- Claiming local Council Tax support/Housing Benefit
- Registering with the Local GP
- What to do if they need emergency funds

- How to apply for a school place in the borough in which they are going to reside
- Where a particular area outside the borough is used on a regular basis for the provision of PRSO, an information pack will be provided covering local services and facilities in that area.
- This support information may be provided by local agents in the area.

In relation to those applicants who have accepted an offer their cases will be kept under review e.g. cases approaching the expiry of an AST.

8.0 Re-applications

If an applicant re-applies for accommodation within two years of accepting a PRSO, and the Council is satisfied that s/he is unintentionally homeless or threatened with homelessness, and eligible for assistance, then a further duty to secure accommodation will fall to the Council, which can be discharged, if appropriate, by a further PRSO.

9.0 Policy Review

A desktop review of the Policy will be undertaken annually, considering the conditions of the housing market, the demand for housing and temporary accommodation and a customer impact assessment.

Approved by insert date

To be reviewed: 12 months



Chelmsford City Council Cabinet

30th January 2024

REVOCATION OF AIR QUALITY MANAGEMENT AREAS

Report by:

Cabinet Member for a Greener and Safer Chelmsford

Officer Contact:

Lewis Mould, Operations Manager 01245 606439, lewis.mould@chelmsford.gov.uk

Tim Savage, Senior Scientific Officer 01245 606264 tim.savage@chelmsford.gov.uk

Purpose

Following the production of a report for the Department for Environment, Food and Rural Affairs (DEFRA) regarding Air Quality Management Areas (AQMA), to consider the revocation of the two AQMAs in the area of Chelmsford City Council at The Army and Navy and A414 Maldon Road, Danbury.

Options

1. To revoke of the Air Quality Management Areas.
2. To retain the Air Quality Management Areas.

Recommendations

1. The Director of Public Places be authorised to revoke the two Air Quality Management Areas within the Chelmsford City Council area.
-

1. Introduction and Background

- 1.1 AQMAs are declared by local authorities when air quality objectives are not being achieved in a certain area. Chelmsford City Council currently has two declared AQMAs; one at and around the Army and Navy roundabout in Chelmsford and one at a short stretch at the A414 Maldon Road in Danbury. The Army Navy AQMA was first declared in 2005 (and amended in 2012). The Danbury AQMA was declared in 2018. The pollutants that were being exceeded in both locations was Nitrogen Dioxide (NO₂) measured as an annual mean.
- 1.2 DEFRA technical guidance TG.22 sets out the process for how local authorities must determine if AQMAs are to be amended or revoked.
- 1.3 Where there have been no exceedances over the previous 5 years, local authorities must make plans to revoke the AQMA. Revoking an AQMA should also be considered if 3 consecutive years of compliance with levels has been demonstrated (10% below the borderline threshold of the relevant objective).
- 1.4 Within the last 3 years both the AQMA areas have produced results for NO₂ below the relevant thresholds. The full results for 2023 have not yet been completed but provisionally these suggest that further reductions will be obtained for this year.
- 1.5 The Council must consider whether there is the likelihood of levels increasing in forthcoming years before revoking an AQMA. There is a long-term downward trend of monitored NO₂ pollution in Chelmsford. The effects of proposed developments at, and around, the Army and Navy area have been assessed and these are expected to have an imperceptible change or a small improvement to air quality. From 2020 the levels of NO₂ at A414 Maldon Road, Danbury have been decreasing and no exceedances at relevant exposure.
- 1.6 Taking into account this information, it is recommended that the Army and Navy AQMA and the A414 Maldon Road, Danbury AQMA are revoked.
- 1.7 The full report to DEFRA is at Appendix 1 and includes the current AQMA documents and plans. The report explains, in full, the rationale behind revocation including information on results of air quality monitoring at both locations.

2. Conclusion

- 2.1 A report has been produced for DEFRA in accordance with the relevant requirements of the technical guidance.
- 2.2 Following a review of the air quality monitoring data and the air quality technical guidance it is considered that it is appropriate to revoke both the AQMAs at The Army and Navy and at A414 Maldon Road, Danbury.

List of appendices:

Appendix 1 – 2023 Air Quality AQMA Revocation Report (November 2023)

Background papers:

N/A

Corporate Implications

Legal/Constitutional: None

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: None

Risk Management: None

Equality and Diversity: Impact assessment not required

Health and Safety: None

Digital: None

Other: None

Consultees: N/A

Relevant Policies and Strategy:



2023 Air Quality AQMA Revocation Report

In fulfilment of Part IV of the
Environment Act 1995
Local Air Quality Management

November 2023

Local Authority Officer	Tim Savage
Department	Public Health & Protection
Address	Duke Street, Chelmsford CM1 1JE
Telephone	01245 606264
E-mail	tim.savage@chelmsford.gov.uk
Report Reference number	CCC/AQMA/2023
Date	27 th November 2023
Written by	Tim Savage
Scientific Team Public Health & Protection Services Chelmsford City Council Duke Street Chelmsford Essex CM1 1JE	 Chelmsford City Council

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1. Introduction

The Defra technical guidance TG.22 sets out the process for determining whether revocation or amendment of AQMA should be considered.

Where there have been no exceedances for the past five years, local authorities must proceed with plans to revoke the AQMA. The revocation of an AQMA should also be considered following three consecutive years of compliance, 10% below the relevant objective at the point of exposure (i.e., following fall off with distance adjustment to the point of relevant exposure). Appendix E provides details about relevant exposure.

The Chelmsford City Council 2023 Annual Status Report (ASR) that was submitted to and approved by Defra concluded:

- There is a long term downwards trend of monitored NO₂ air pollution in Chelmsford
- No exceedances of the air quality objectives have been identified in 2022
- Within the last three years, all concentrations at relevant exposure have been below the borderline (10%) threshold with the air quality objectives
- Chelmsford City Council will consider revocation of the Army & Navy Air Quality Management Area (AQMA)
- Chelmsford City Council will consider revocation of the Danbury Air Quality Management Area (AQMA)

In order to consider revocation of the AQMAs, it is necessary undertake analysis of air quality monitoring results within the two AQMAs.

This report identifies that:

- Within the last three years, all concentrations at relevant exposure have been below the borderline (10%) threshold with the air quality objectives
- Whilst monitoring in 2023 has not yet been completed or ratified, the provisional results suggest that further reductions in NO₂ will be measured in 2023
- The effects of the proposed developments within the Army & Navy AQMA have been modelled to range from imperceptible to a small improvement and as such will have no negative impact upon the compliance with the air quality objectives
- These factors provide justification for revoking the AQMAs

This report recommends that the Army & Navy AQMA and the A414 Maldon Road, Danbury AQMA should be revoked.

2. Air Quality Management Areas

Chelmsford currently has two declared Air Quality Management Areas (AQMA). The AQMA orders can be viewed in Appendix A and B.

Air Quality Management Areas (AQMA) are declared when there is an exceedance or likely exceedance of an air quality objective. The current AQMA orders have been declared for exceedances of the nitrogen dioxide (NO₂) annual mean air quality objective. The air quality objectives are provided in Appendix D.

A summary of AQMA declared by Chelmsford City Council can be found in Table 2.1 below:

Table 2.1 – Declared Air Quality Management Areas

AQMA Name	Date of Declaration	Pollutants and Air Quality Objectives	One Line Description	Is air quality in the AQMA influenced by roads controlled by Highways England?	Level of Exceedance: Declaration (µg/m ³)	Level of Exceedance: Current Year (µg/m ³)	Number of Years Compliant with Air Quality Objective (at relevant exposure)
Army & Navy AQMA	Declared 01/12/2005 Amended 1/10/2012	NO ₂ Annual Mean	Army & Navy Roundabout and surrounding roads	NO	51	No Exceedance	3
A414 Maldon Road, Danbury	Declared 08/10/2018	NO ₂ Annual Mean	The stretch of road between Gay Bowers Lane and Danbury Village Green	NO	47.3	No Exceedance	3

Appendix A and Appendix B provides the current AQMA orders and maps of AQMA.

3. Proposed Revocation of the AQMAs

Defra sets out that there should not be any declared AQMAs for which compliance with the relevant objective has been achieved for a consecutive five-year period.

In addition, where diffusion tube monitoring sites within an AQMA have achieved three consecutive years 10% below the relevant objective at the point of exposure it is possible to consider revoking the AQMA.

Pollutant concentrations may vary significantly from one year to the next, due to the influence of meteorological conditions, and it is important that authorities avoid cycling between declaring, revoking and declaring again, due simply to these variations. Therefore, before revoking an AQMA on the basis of measured pollutant concentrations, the authority therefore needs to be reasonably certain that any future exceedances (that might occur in more adverse meteorological conditions) are unlikely.

Army & Navy AQMA

The Army and Navy Roundabout serves as a junction to both the A1114 and the A138 Chelmer Road. In addition to these trunk roads, two major residential link roads (Baddow Road and Van Diemens Road) also converge on the roundabout. Congestion is a major issue on all of the converging roads and this is most acute during peak period traffic.

In December 2005 Chelmsford Borough Council declared an area around Chelmsford's Army and Navy Roundabout as an Air Quality Management Area (AQMA). The AQMA encompassed a large residential area surrounding the roundabout and the converging roads.

As monitored Nitrogen Dioxide (NO₂) levels showed a decline between 2007 and 2009 monitoring periods, a Detailed Assessment was conducted in April 2010 for Army and Navy Roundabout.

The Detailed Assessment concluded that exceedances of Nitrogen Dioxide are restricted to Baddow Road, the immediate vicinity of the Parkway/High Bridge Road Roundabout and properties backing onto Parkway off Baddow Road near the High Bridge Road Roundabout.

In 2012, the AQMA was amended to reduce the size and the boundaries to reflect the Detailed Assessment results.

The Council has developed and adopted an Air Quality Action Plan (AQAP) setting out measures that the Council and associated organisations will take in order to lower pollutant concentrations within the AQMA.

A number of infrastructure changes that were identified in the Army & Navy AQAP have been implemented to improve traffic flow and air quality:

- Parkway widening (Pinch-point removal fund) originally assessed as a dedicated filter land from Van Diemens Road to Parkway
- Left hand filter lane from Parkway to Chelmer Road

Air quality monitoring identified that areas directly around the Army and Navy roundabout have been compliant with the air quality objectives since 2018.

Monitoring on Parkway to the rear of properties in Baddow Road commenced in 2018 and identified exceedances in 2018, 2019 and 2020. However, from 2020, there have been no exceedances at relevant exposure.

Whilst monitoring in 2023 has not yet been completed or ratified, the provisional results suggest that further reductions in NO₂ will be measured in 2023.

Table 3.3 identifies that for the period of January to September in 2023, concentrations measures across the Army & Navy AQMA are lower than the same period in 2022.

The Army and Navy flyover which was a feature of the junction was closed in 2019 after defects were found in the concrete foundations.

The closure of the flyover may have increased traffic congestion in some locations, however there is no evidence that air quality has worsened as a result. The significant decline in measured concentrations at CB98 and CB99 on Parkway from 2020 onwards suggests that the closure of the flyover may have improved air quality at these locations.

The flyover structure was dismantled and removed in 2020.

After reviewing the air quality monitoring data and air quality technical guidance, Chelmsford City Council consider that it is appropriate to revoke the Army & Navy Air Quality Management Area (AQMA).

Table 3.1 – Army & Navy 2013 – 2022 Air Quality Monitoring

Site ID	Address	NO2 concentration measured in µg/m3									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CB01	12 Van Diemens Road	33.9	30.3	28.4	31.3	32.5	31.7	30.2	24.4	25.6	26.4
CB22A / CB22B/ CB22C	95 Baddow Road	36.1	32.4	30.3	32.4	32.3	33.0	29.6	23.6	26.1	24.6
CB58	148 Baddow Road	45.9	36.8	35.8	36.6	40.6	37.2	35.1	31.3	31.7	31.0
CB98A / CB98B / CB98C	Rear of 66 Baddow Road	N/A	N/A	N/A	N/A	N/A	45.9	45.8	38.3	36.8	35.9
CB99A / CB99B / CB99C	Rear of 74 Baddow Road	N/A	N/A	N/A	N/A	N/A	47.1	45.4	40.2	37.5	37.8

Table 3.2 – Army & Navy NO2 Fall-off Calculations (Estimated concentrations at Relevant Exposure)

Site ID	NO2 concentration measured in µg/m3				
	2018 Annual Mean with NO2 Fall-off Calculations Applied	2019 Annual Mean with NO2 Fall-off Calculations Applied	2020 Annual Mean with NO2 Fall-off Calculations Applied	2021 Annual Mean with NO2 Fall-off Calculations Applied	2022 Annual Mean with NO2 Fall-off Calculations Applied
CB98A / CB98B / CB98C	42.2	42.0	35.4	34.0	33.2
CB99A / CB99B / CB99C	41.4	39.9	35.6	33.3	33.4

Table 3.3 – Army & Navy 2023 Air Quality Monitoring

Site ID	Address	NO2 concentration measured in µg/m3	
		2023 (January to September)	Change Vs 2022 (January to September)
CB01	12 Van Diemens Road	24.08	-2.9
CB22A / CB22B/ CB22C	95 Baddow Road	22.60	-0.2
CB58	148 Baddow Road	29.89	-1.0
CB98A / CB98B / CB98C	Rear of 66 Baddow Road	34.39	-2.4
CB99A / CB99B / CB99C	Rear of 74 Baddow Road	33.95	-3.6

The results in the table are based on the 2022 bias adjustment figure of 0.76

Figure 3.1 – Parkway (Rear of Baddow Road) 2018 to 2022 Air Quality Monitoring (Adjusted for Relevant Exposure)

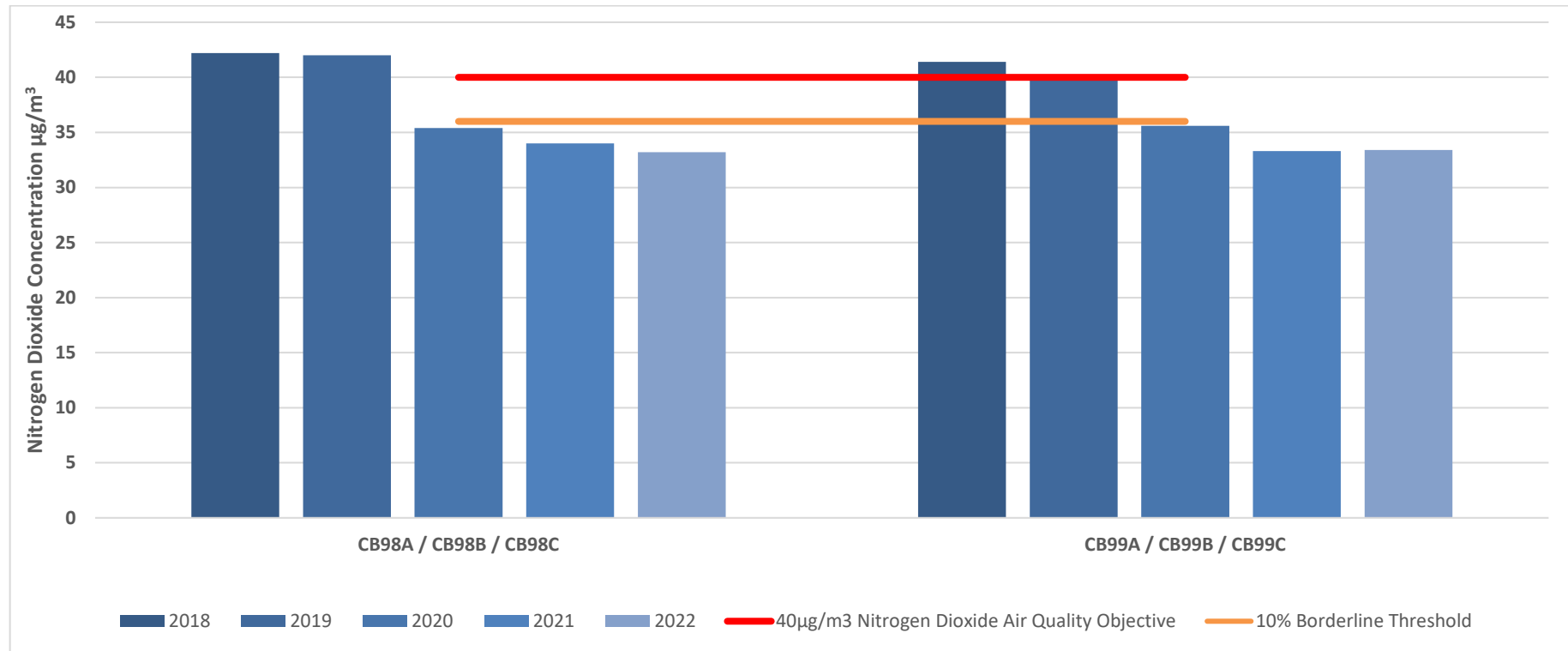


Figure 3.2 - CB98A / CB98B / CB98C Rear of 66 Baddow Road Photograph



Figure 3.3 - CB98A / CB98B / CB98C Rear of 66 Baddow Road Site Plan

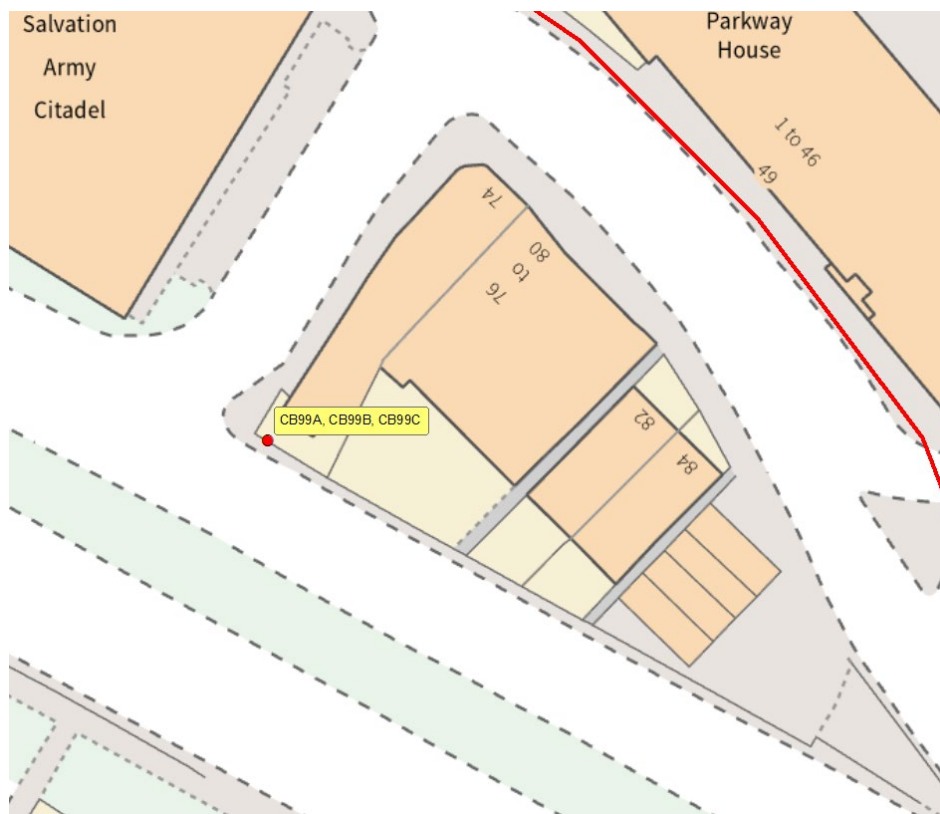


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Figure 3.4 - CB99A / CB99B / CB99C Rear of 74 Baddow Road Photograph

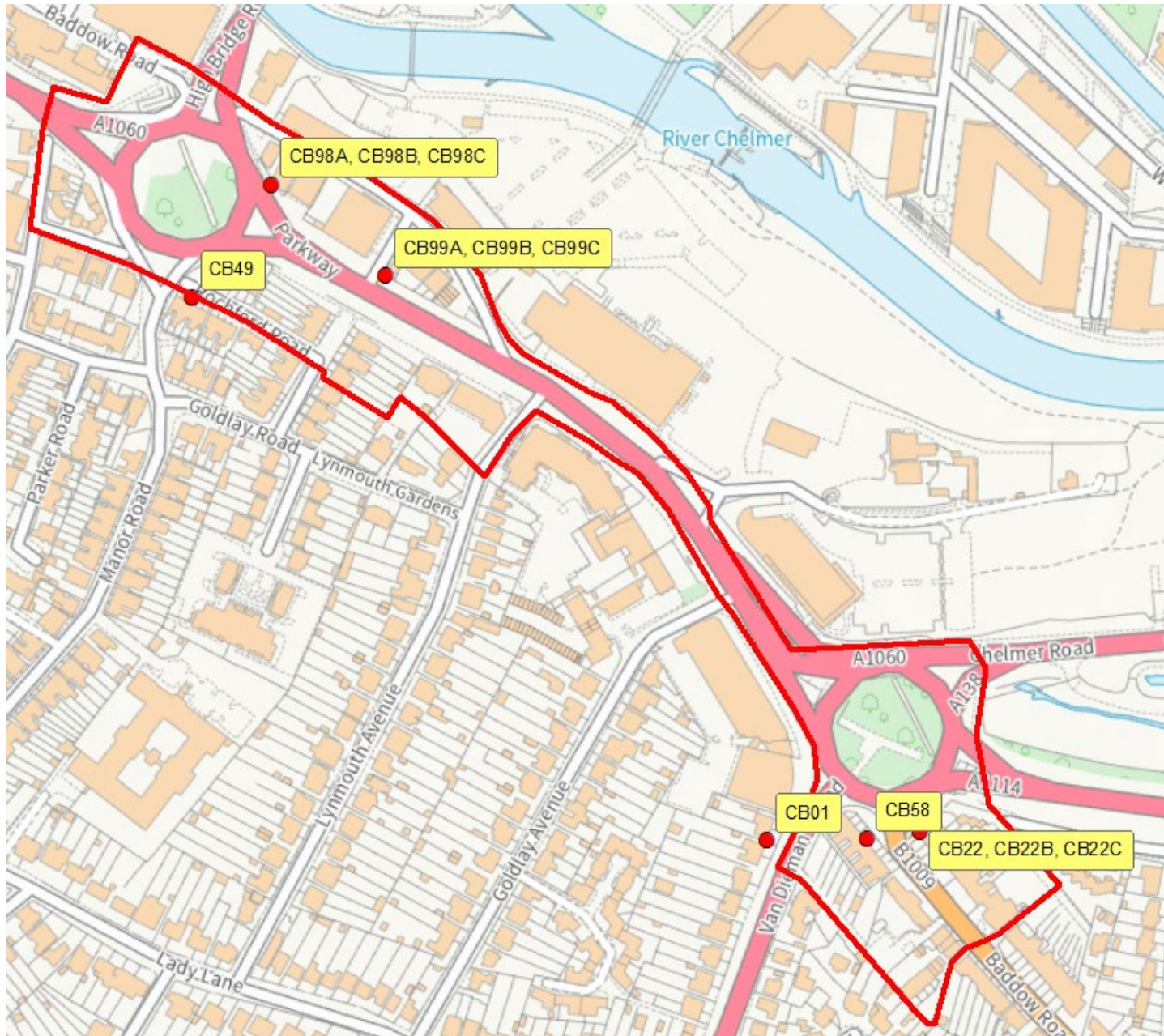


Figure 3.5 - CB99A / CB99B / CB99C Rear of 74 Baddow Road Site Plan



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Figure 3.6 - Air Quality Monitoring Sites within Army & Navy AQMA



Army & Navy Sustainable Transport Package

The Essex Highways air quality impact assessment (AQIA) in support of the proposed Army & Navy Sustainable Transport Package sets out that air quality changes as a result of the scheme will range from an 8.1µg/m³ improvement to a 3.4µg/m³ worsening of air quality at locations around the AQMA. Although some locations do show increased concentrations of NO₂, the modelling identifies no exceedances of the air quality objectives.

The modelling is based upon 2019 air quality data which was higher than current conditions. When applying the percentage change to 2022 data at existing monitoring locations, the resulting lower expected concentrations identifies that at worse case relevant exposure the changes range between imperceptible and a small improvement.

Table 3.4 – Modelled Air Quality Impact of Army & Navy Sustainable Transport Package at Worst Case Relevant Exposure

Diffusion Tube Code	Receptor ID	Address	Eastings	Northings	2022 Monitored Concentration (µg/m ³)	Affect of Proposed Scheme Applied to 2022 Monitored Concentrations (µg/m ³)	AQIA Change Concentration (µg/m ³)	Description of Change
CB01	NEW57	12 Van Diemens Road	571421	205963	26.4	25.5	-0.9	Small Improvement
CB22/B/C	AQMA38	95 Baddow Road	571505	205968	24.6	23.5	-1.1	Small Improvement
CB58	AQMA30	148 Baddow Road	571476	205964	31.0	30.0	-1.0	Small Improvement
CB98A/B/C	AQMA10	Rear of 66 Baddow Road (Dentists)	571148	206324	35.9	35.8	-0.1	Imperceptible

The latest modelled journey time improvements for the Hamburger Roundabout are:

- Average journey times for cyclists will be 44% quicker
- Bus journey times will be about 40% faster on average
- Journeys will be 53% quicker on average for motorised vehicles
- Walking through the junction at ground level will be about 11% quicker

With improved journey times and reduced queuing times, the operational phase of the new junction is not expected to worsen local air quality and is not a barrier to revoking the AQMA.

Chelmer Waterside Access Road and Bridge

As part of the Chelmer Waterside development, a new access road and bridge will link Wharf Road and Parkway. It will replace the existing Bailey Bridge, which spans the River Chelmer to create access to the new housing sites on Chelmer Waterside. It will also provide additional capacity in the road network, which is currently under pressure at the junction of Springfield Road and Navigation Road.

Table 3.5 – Modelled Air Quality Impact of Chelmer Waterside Access Road and Bridge Development

Receptor ID	Address	Eastings	Northings	NO2 ($\mu\text{g}/\text{m}^3$)			Change in Concentration ($\mu\text{g}/\text{m}^3$)	Magnitude of Change
				Base 2019	DM 2022	DS2022	DS-DM	
R1	Lynmouth Avenue	571292	206189	27.7	26	26.0	0.0	Imperceptible
R2	Baddow Road	571266	206276	28.9	27.1	27.4	0.3	Imperceptible
R3	Army & Navy Roundabout	571058	206303	32.5	30.4	30.3	-0.1	Imperceptible
R4	Parkway	571241	206222	28.4	26.7	26.7	0.0	Imperceptible
R5	Army & Navy roundabout	571149	206327	44.3	41.9	41.7	-0.2	Imperceptible
R6	Wharf Road	571398	206559	20.1	18.9	18.3	-0.2	Imperceptible
R7	Goldlay Avenue	571394	206085	30.7	28.9	28.9	0.0	Imperceptible

The air quality impact assessment submitted as part of the planning application 21/00024/FUL identifies that the scheme leads to imperceptible air quality changes and is not a barrier to revoking the AQMA.

A414 Maldon Road Danbury AQMA

The A414 is a busy road that runs through Danbury connecting Maldon and the Dengie area with the A12 and Chelmsford.

Traffic lights designed to improve the flow on the A414 through the centre of Danbury were installed with signals located at Mayes Lane and Little Baddow Road on the approach to the A414 at Eves Corner to operate in peak hours to smooth traffic flow. However exceedances of the air quality objectives were measured and in October 2018, Chelmsford City Council declared an area in Danbury as an Air Quality Management Area (AQMA). The AQMA encompasses a short stretch of road between Gay Bowers Lane and Danbury Village Green.

The road has a slight gradient. When vehicles travel up inclines, engines are required to work harder to overcome gravity and emissions are significantly higher. The opposite occurs for vehicles travelling downhill however combined, a general increase in emissions occurs when compared with flat roads.

Areas of the road are flanked by buildings on one or both sides. Street canyons and facades built close to the kerbside significantly reduce the dispersal of pollution.

The footway is less than 1 metre wide meaning that relevant exposure is within 1 metre of the kerb.

Air quality monitoring commenced in Danbury commenced in 2015 and identified exceedances in 2018, 2019 and 2020. However, from 2020, there have been no exceedances at relevant exposure.

Whilst monitoring in 2023 has not yet been completed or ratified, the provisional results suggest that further reductions in NO₂ will be measured in 2023.

Table 3.7 identifies that for the period of January to September in 2023, concentrations measured within the AQMA are significantly lower than the same period in 2022.

After reviewing the air quality monitoring data and air quality technical guidance, Chelmsford City Council consider that it is appropriate to revoke the A414 Maldon Road Danbury Air Quality Management Area (AQMA).

Table 3.6 – Danbury 2015 to 2022 Air Quality Monitoring

Site ID	Address	NO2 concentration measured in µg/m3							
		2015	2016	2017	2018	2019	2020	2021	2022
CB76 / CB76B / CB76C	5/7 Maldon Road, Danbury	33.4	39.4	41.8	36.5	36.3	27.6	31.5	31.0
CB91 / CB92 / CB93	26 Maldon Road, Danbury	N/A	N/A	47.3	44.6	42.8	33.9	34.6	34.8
CB94	Copt Hill, Danbury	N/A	N/A	31.4	27.8	25.0	19.7	21.6	22.3
CB103A / CB103B / CB103C	Opposite Myra Cottage Maldon Road, Danbury	N/A	N/A	N/A	N/A	36.9	29.6	30.7	30.8
CB108	Opposite Myra Cottage Maldon Road, Danbury	N/A	N/A	N/A	N/A	17.8	14.8	14.4	14.5

Notes:

- The annual mean concentrations are presented as µg/m³.
- Exceedances of the NO₂ annual mean objective of 40µg/m³ are shown in **bold**.
- Means for diffusion tubes have been corrected for bias. All means have been “annualised” as per LAQM.TG22 if valid data capture for the full calendar year is less than 75%.

For the diffusion tube site CB91/ CB92 / CB93 where historically exceedances have been measured, the diffusion tubes are mounted 27cm from the façade of the property. As this is so close, there is no need to undertake NO2 Fall-off calculations.

Table 3.7 – Danbury 2023 Air Quality Monitoring

Site ID	Address	NO2 concentration measured in µg/m3	
		2023 (January to September)	Change Vs 2022 (January to September)
CB76 / CB76B / CB76C	5/7 Maldon Road, Danbury	27.32	-4.26
CB91 / CB92 / CB93	26 Maldon Road, Danbury	28.93	-5.41
CB94	Copt Hill, Danbury	21.10	-1.54
CB103	Opposite Myra Cottage Maldon Road, Danbury	28.05	-3.48
CB108	Opposite Myra Cottage Maldon Road, Danbury	12.56	-1.21

The results in the table are based on the 2022 bias adjustment figure of 0.76

Figure 3.7 – Danbury 2018 to 2022 Air Quality Monitoring

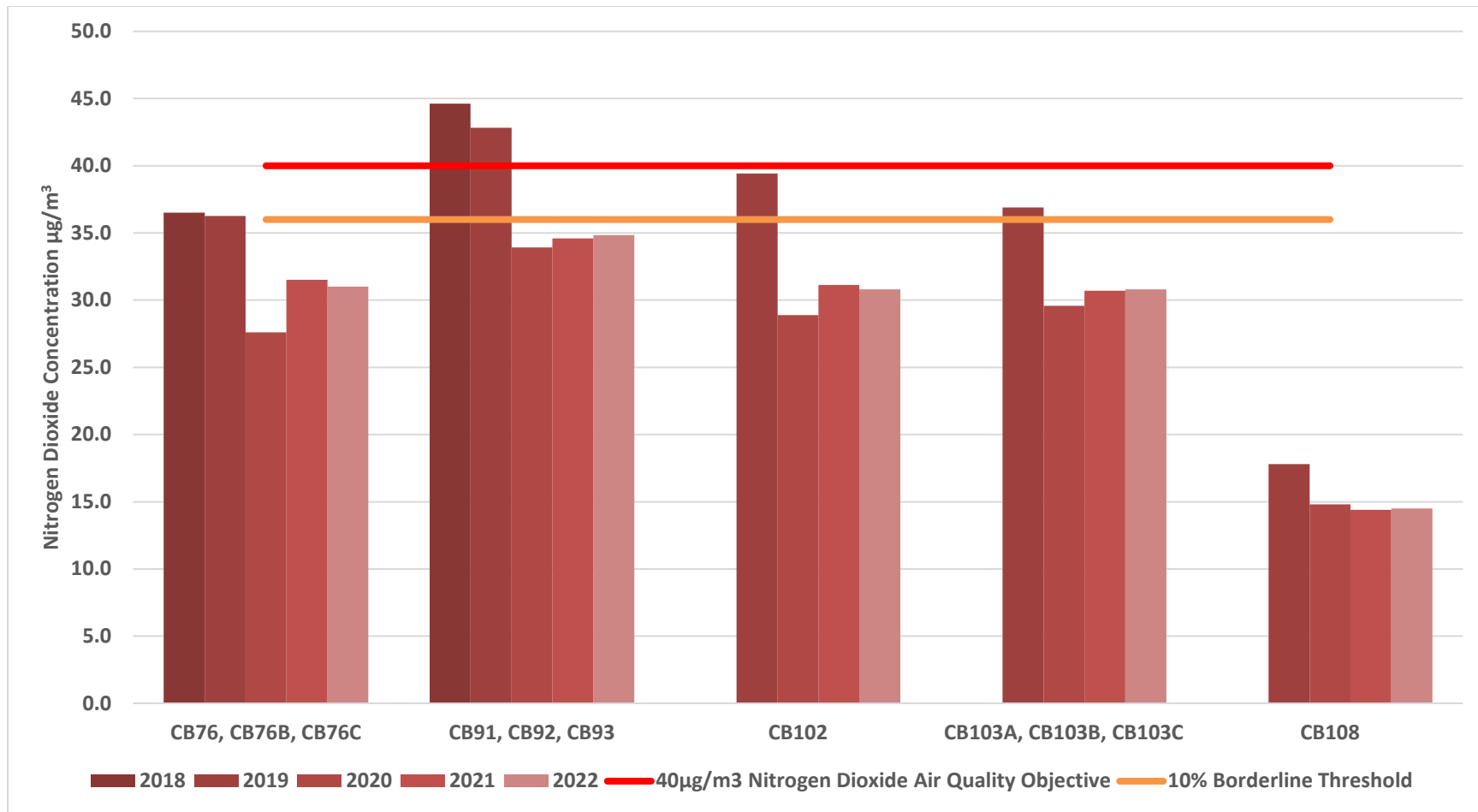
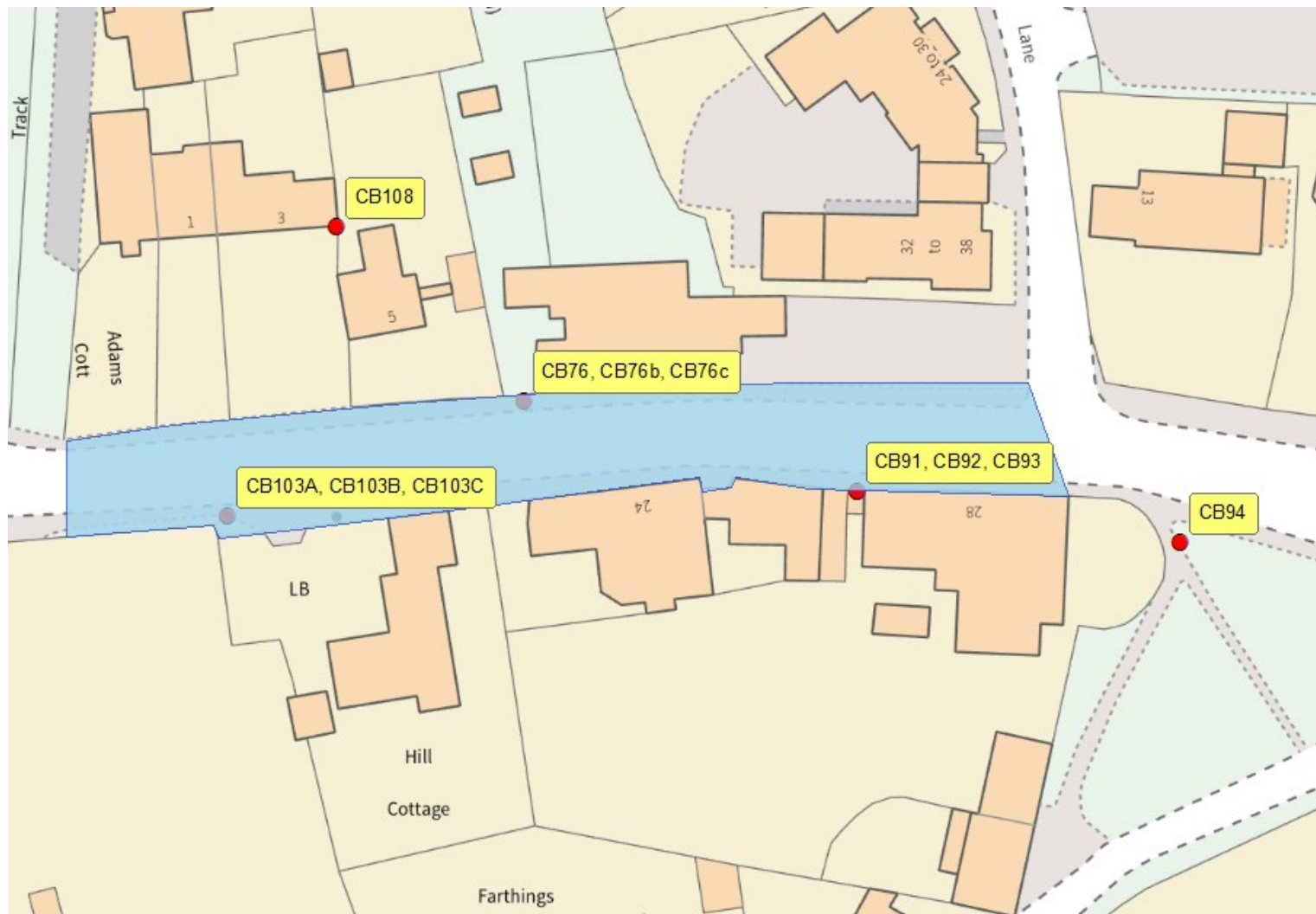


Figure 3.8 – Air Quality Monitoring Sites within Danbury AQMA



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Figure 3.9 - CB91/CB92/CB93 Monitoring Location



4. What Happens After The AQMA Revocations?

From 2023, following an AQMA revocation which would result in that local authority no longer having any AQMA, Defra require that the local authority should put in place a local air quality strategy to ensure air quality remains a high profile issue and to ensure it is able to respond quickly should there be any deterioration in condition.

Chelmsford City Council has already adopted an [Air Quality Strategy](#) which sets out:

- Chelmsford City Council policies and actions which will contribute to improving air quality
- the air quality monitoring plan for Chelmsford
- targets to be achieved across the duration of the strategy

Alongside the Air Quality Strategy, the Council operates an online [air quality dashboard](#) where results from air quality monitoring stations, diffusion tubes and *air*TEXT forecasts are aggregated onto a web map.

The dashboard also provides information about general air quality in Chelmsford, provides information about domestic burning and sustainable travel.

Appendix A – Current Army and Navy AQMA Order

ENVIRONMENT ACT 1995 PART IV SECTION 83(1)

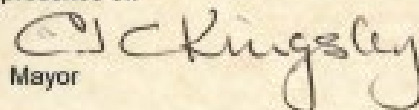
CHELMSFORD CITY COUNCIL AIR QUALITY MANAGEMENT AREA (AMENDMENT) ORDER 2012


Made and came into force on 1st October 2012

Chelmsford City Council, in exercise of the powers conferred upon it by section 83(1) of the Environment Act 1995, hereby makes the following Order:-

1. This Order may be cited as Chelmsford City Council Army and Navy Air Quality Management Area Order 2012 and shall come into effect on 1st October 2012.
2. This Order varies the Air Quality Management Area Order made on the 11th November 2005.
3. The amended area designated as the Air Quality Management Area incorporates several roads leading into the Army and Navy roundabout and the Baddow Road roundabout and is shown in blue with a red outline on the map annexed to this Order.
4. This area is designated in relation to breaches and likely breaches of the annual mean air quality objective of the pollutant Nitrogen Dioxide as specified in the Air Quality Regulations (England) 2000.
5. This Order shall remain in force until it is varied or revoked by a subsequent Order.

THE COMMON SEAL of
CHELMSFORD CITY COUNCIL
was hereunto affixed
in the presence of:-


Mayor

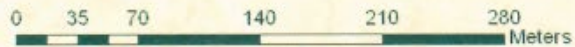

~~Legal Services Manager~~/Principal Solicitor



AQMA Order 2012

Annexure to the Air Quality Management Area Order 2012

Chelmsford Air Quality Management Area (amended) 2012



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Appendix B – Current A414 Maldon Road Danbury AQMA Order

**Environment Act 1995 Part IV Section 83(1)
Chelmsford City Council
A414 Maldon Road, Danbury Air Quality Management Order 2018**

Chelmsford City Council in exercise of the powers conferred upon it by Section 83(1) of the Environment Act 1995, hereby makes the following Order.

This Order may be cited/referred to as the Chelmsford City Council A414 Maldon Road, Danbury Air Quality Management Area Order 2018 and shall come into effect on 8th. October, 2018.


The area shown on the attached map in red is to be designated as an Air Quality Management Area. The designated area incorporates the stretch of road between Gay Bowers Lane and Danbury Village Green and adjacent properties.

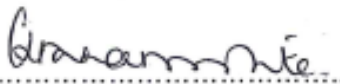
The map may be viewed at the Council Offices.

This area is designated in relation to the likely breach of the nitrogen dioxide annual mean as specified in the Air Quality Regulations 2000.

This Order shall remain in force until it is varied or revoked by a subsequent order.

The Common Seal of Chelmsford City Council was hereunto affixed in the presence of:

Mayor 

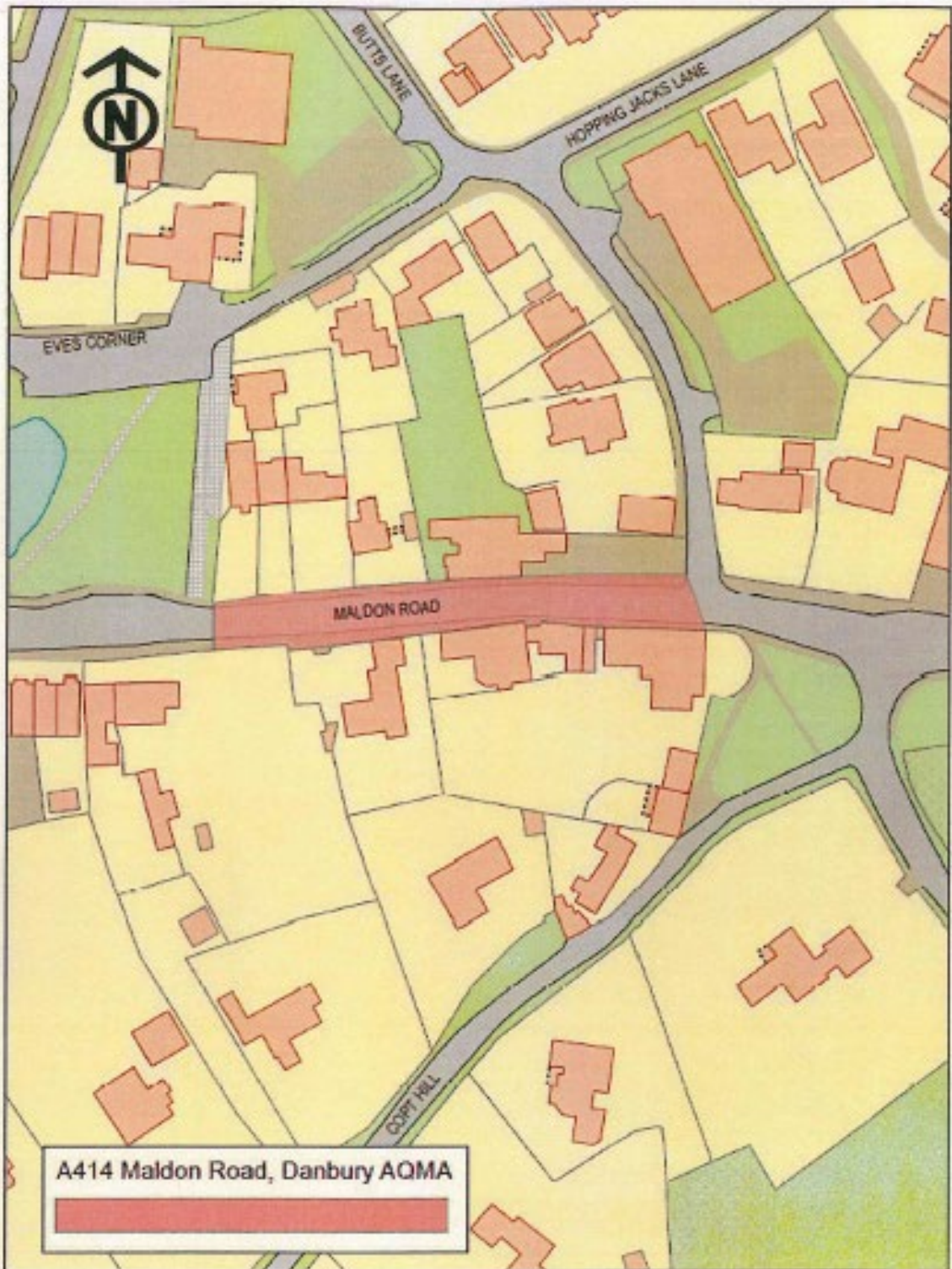
Authorised Officer 



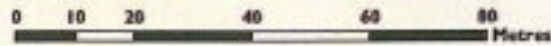
SEALING REGISTER
REFERENCE
170/18

Chelmsford City Council

A414 Maldon Road, Danbury Air Quality Management Area Order 2018



1:1,000



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Appendix C – Proposed AQMA Revocation Order

Environment Act 1995 Part IV Section 83(2)(b)

Chelmsford City Council

Air Quality Management Revocation Order

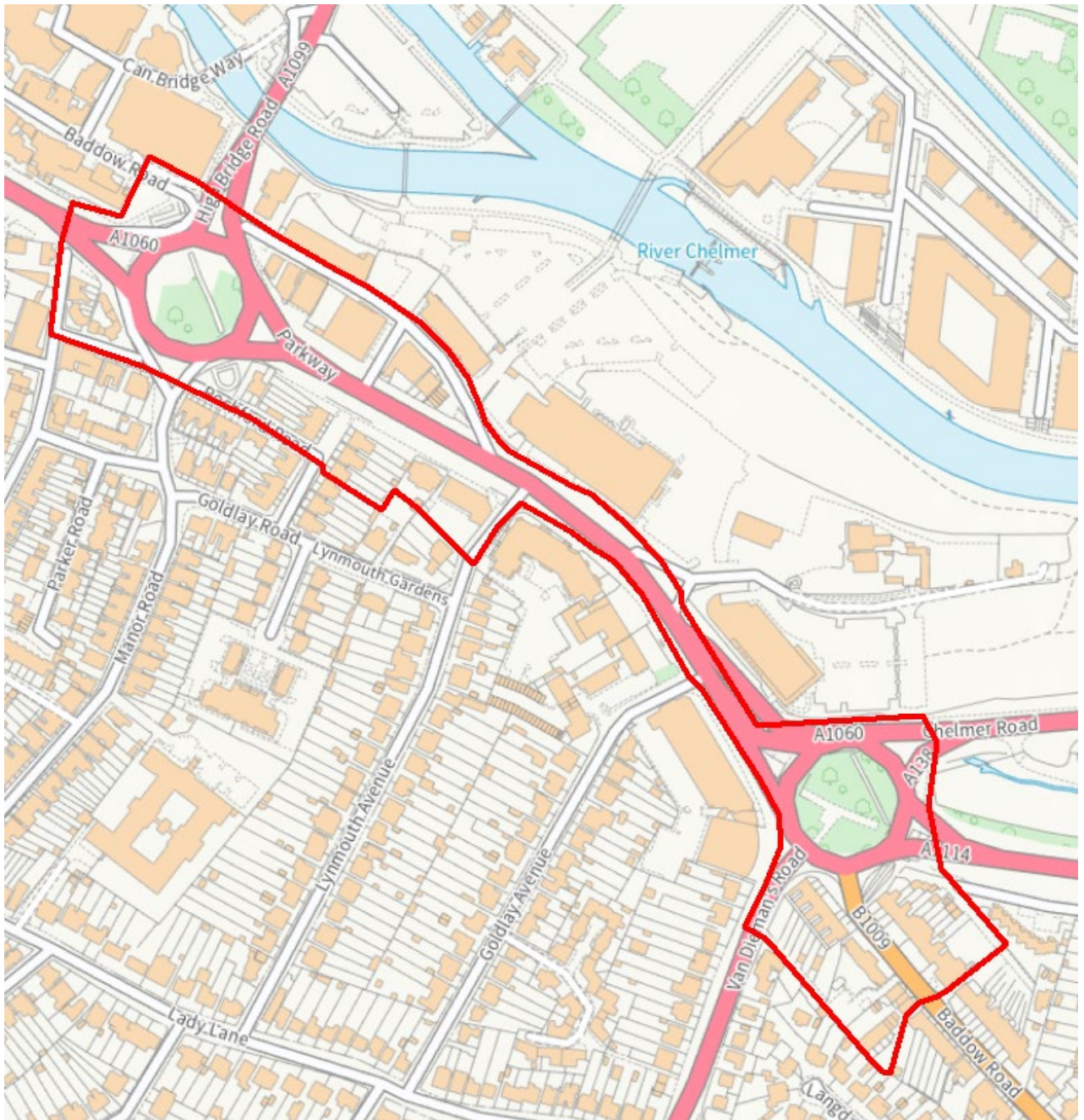
Chelmsford City Council in exercise of the powers conferred upon it by Section 83(2)(b) of the Environment Act 1995, hereby makes the following Order.

1. This Order may be cited/referred to as the Air Quality Management Area (Chelmsford City Council) Revocation Order 2024 and shall come into effect on XX XXXX 2024.
2. This Order revokes the Air Quality Management Area the Chelmsford City Council Air Quality Management Area (Amendment) Order 2012 which was made on 1st October 2012.
3. The effect of this is to revoke as an Air Quality Management Area (AQMA), the area shown outlined in red on the plan in Schedule 1 which incorporates several roads leading into the Army and Navy roundabout and the Odeon roundabout.
4. This Order revokes the Air Quality Management Area the Chelmsford City Council A414 Maldon Road, Danbury Air Quality Management Area Order 2018 which was made on 8th October 2018.
5. The effect of this is to revoke as an Air Quality Management Area (AQMA), the area shown outlined in red on the plan in Schedule 2 which incorporates the stretch of road between Gay Bowers Lane and Danbury Village Green and adjacent properties.

The Common Seal of Chelmsford City Council was hereunto affixed in the presence of:

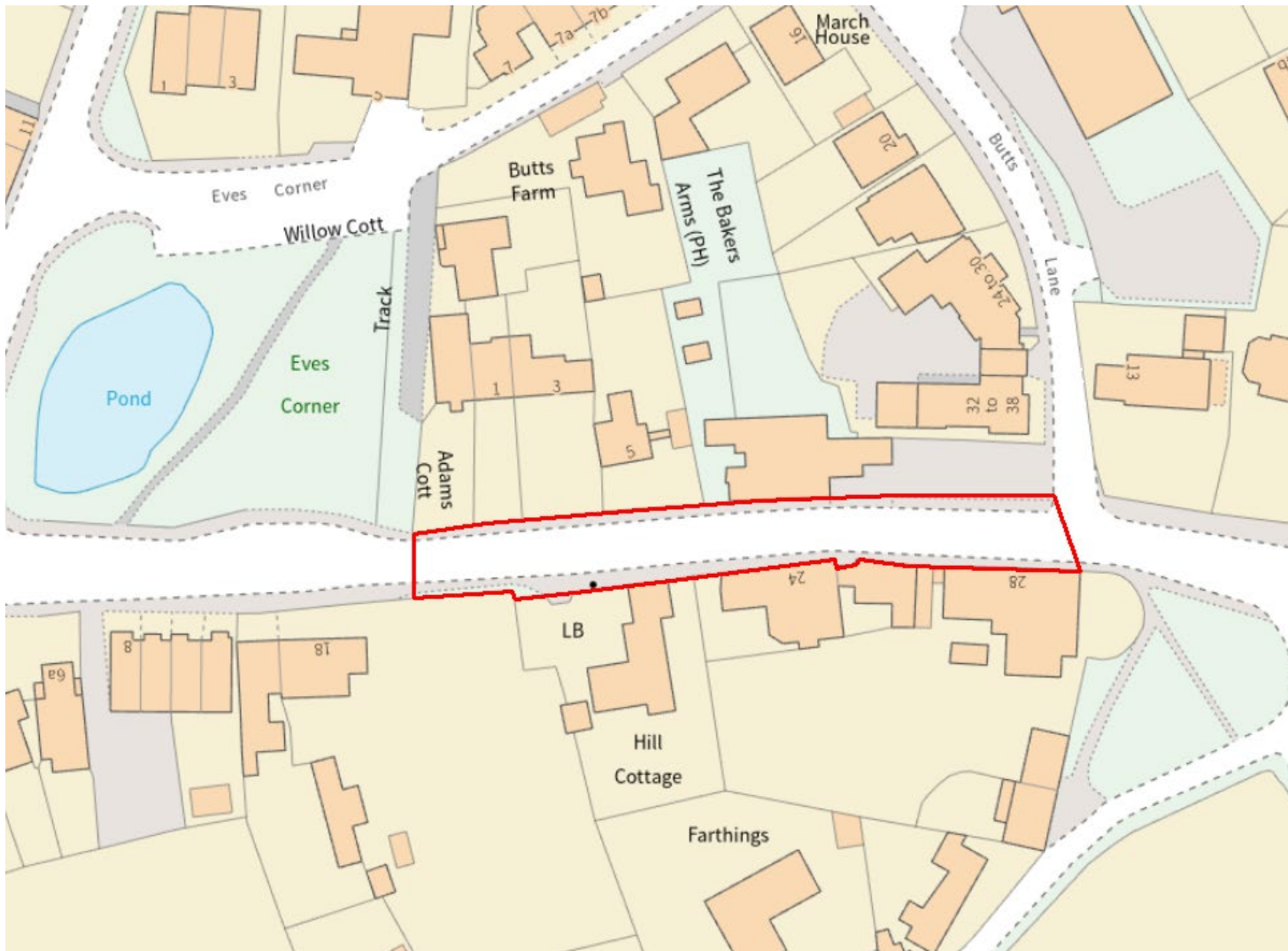
Authorised signatory

Schedule 1



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Schedule 2



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Appendix D – Summary of Air Quality Objectives in England

Table D.1 – Air Quality Objectives in England

Pollutant	Air Quality Objective: Concentration	Air Quality Objective: Measured as
Nitrogen Dioxide (NO ₂)	200µg/m ³ not to be exceeded more than 18 times a year	1-hour mean
Nitrogen Dioxide (NO ₂)	40µg/m ³	Annual mean
Particulate Matter (PM ₁₀)	50µg/m ³ , not to be exceeded more than 35 times a year	24-hour mean
Particulate Matter (PM ₁₀)	40µg/m ³	Annual mean
Sulphur Dioxide (SO ₂)	350µg/m ³ , not to be exceeded more than 24 times a year	1-hour mean
Sulphur Dioxide (SO ₂)	125µg/m ³ , not to be exceeded more than 3 times a year	24-hour mean
Sulphur Dioxide (SO ₂)	266µg/m ³ , not to be exceeded more than 35 times a year	15-minute mean

Appendix E – Summary of Points of Relevant Exposure

Air Quality Objective	Point of Relevant Exposure
<p>Annual Mean NO₂ Air Quality Objective</p>	<p>All locations where members of the public might be regularly exposed. Building façades of residential properties, schools, hospitals, care homes etc.</p>
<p>1-Hour NO₂ Air Quality Objective</p>	<p>All locations where the annual mean objective would apply</p> <p>Hotels.</p> <p>Gardens of residential properties</p> <p>Parts of car parks, bus stations and railway stations etc. which are not fully enclosed, where members of the public might reasonably be expected to spend one hour or more.</p> <p>Any outdoor locations where members of the public might reasonably expect to spend one hour or longer.</p>

Glossary of Terms

Abbreviation	Description
AQAP	Air Quality Action Plan - A detailed description of measures, outcomes, achievement dates and implementation methods, showing how the local authority intends to achieve air quality limit values'
AQIA	Air Quality Impact Assessment – Reports provided in support of planning applications.
AQMA	Air Quality Management Area – An area where air pollutant concentrations exceed / are likely to exceed the relevant air quality objectives. AQMAs are declared for specific pollutants and objectives
ASR	Air Quality Annual Status Report
Defra	Department for Environment, Food and Rural Affairs
DfT	Department for Transport
LAQM	Local Air Quality Management
NO ₂	Nitrogen Dioxide

References

airTEXT Air quality, UV, pollen and temperature forecasts for Greater London and the South East available at; <https://www.airtext.info/chelmsford>

Chelmsford City Council Air Quality Dashboard available at;
<https://loveyourchelmsford.co.uk/air-quality-dashboard/>

Chelmsford City Council Air Quality Strategy (2022) available at;
<https://www.chelmsford.gov.uk/media/rgfpehvc/ccc-air-quality-strategy.pdf>

Chelmsford City Council Annual Status Report (2023) available at;
<https://www.chelmsford.gov.uk/media/mvvhwkdj/chelmsford-2023-asr.pdf>

Chelmsford City Council Army and Navy Air Quality Action Plan (2008) available at;
<https://www.chelmsford.gov.uk/media/5xah3k2d/air-quality-management-area-action-plan-army-and-navy.pdf?allId=25235>

Essex Highways Army and Navy Sustainable Transport Package Air Quality AQMA Study (2022)

Essex Highways Chelmer Waterside Access Road and Bridge Air Quality Assessment (2021) available at; <https://planning.chelmsford.gov.uk/my-requests/document-viewer?DocNo=7950986>

Institute of Air Quality Management Land-Use Planning & Development Control: Planning For Air Quality (2017) available at;
<https://www.iaqm.co.uk/text/guidance/air-quality-planning-guidance.pdf>

Local Air Quality Management Technical Guidance LAQM.TG22. August 2022. Published by Defra in partnership with the Scottish Government, Welsh Assembly Government and Department of the Environment Northern Ireland available at;
<https://laqm.defra.gov.uk/wp-content/uploads/2022/08/LAQM-TG22-August-22-v1.0.pdf>

Local Air Quality Management Policy Guidance LAQM.PG22. August 2022. Published by Defra in partnership with the Scottish Government, Welsh Assembly Government and Department of the Environment Northern Ireland available at;
<https://laqm.defra.gov.uk/wp-content/uploads/2022/08/LAQM-Policy-Guidance-2022.pdf>



Chelmsford City Council Cabinet

30 January 2024

Travelling Showperson Sites Planning Advice Note – Consultation Feedback and Proposed Changes

Report by:

Cabinet Member for a Growing Chelmsford

Officer Contact:

Amy Stock

Senior Housing Enabling Officer, amy.stock@chelmsford.gov.uk, 01245 606587

Purpose

To present feedback from consultation on the Council's Travelling Showperson Sites Planning Advice Note; and seek approval for proposed changes and the publication of the Note.

Options

1. Cabinet agrees the proposed changes to the Planning Advice Note attached at Appendix 3 of this report and approves the publication of the Travelling Showperson Sites Planning Advice Note in accordance with those changes, pending any subsequent minor textual, presentation or layout amendments to the final version.
2. Cabinet do not agree the proposed changes to the Planning Advice Note attached at Appendix 3 of this report and approve the publication of the Travelling Showperson Sites Planning Advice Note without the changes, pending any subsequent minor textual, presentation or layout amendments to the final version.

3. Cabinet does not approve the publication of a Travelling Showperson Sites Planning Advice Note.

Preferred option and reasons

Option 1 – to agree the proposed changes to the Planning Advice Note attached at Appendix 3 of this report and approve the publication of the Travelling Showperson Sites Planning Advice Note in accordance with those changes, pending any subsequent minor textual, presentation or layout amendments to the final version.

Recommendations

That the Cabinet approve for publication the Travelling Showperson Sites Planning Advice Note set out at Appendix 2 of this report with the changes set out in Appendix 3.

1. Introduction

- 1.1. This report follows the technical consultation on the Draft Travelling Showperson Sites Planning Advice Note set out in Appendix 1. It reports on the feedback received from the consultation (see Appendix 2). It recommends the publication of the Travelling Showperson Sites Planning Advice Note, subject to some amendments following feedback received (see Appendix 3).

2. Background

- 2.1. The National Planning Policy Framework (NPPF) and Planning Policy for Traveller Sites (PPTS) set out that local planning authorities have a responsibility to identify and address the accommodation needs of different groups of the community, including Travelling Showpeople.
- 2.2. The PPTS sets out the government's aim to "ensure fair and equal treatment for travellers, in a way that facilitates the traditional and nomadic way of life of travellers while respecting the interests of the settled community". This includes "provision of suitable accommodation".
- 2.3. The cultural lifestyle of Travelling Showpeople often means that accommodation in the form of flats and houses etc. are not suitable for this community. Travelling Showpeople are generally accommodated on 'plots' (sometimes informally known as 'yards').

2.4. Chelmsford City Council in partnership with other Essex local planning authorities, commissioned, consultants to identify the local accommodation needs of this community through the undertaking of Essex-Wide Gypsy and Traveller Accommodation Assessment (GTAA). This establishes the number of plots required by the Travelling Showperson community within the administrative area. The plots required are then allocated within the adopted Chelmsford Local Plan.

2.5. The adopted Chelmsford Local Plan has allocated 24 plots to be provided to meet the identified need of the Travelling Showperson community as follows:

Strategic Growth Site Policy	Number of TSP Plots Allocated
SGSP2 – West Chelmsford	5
SGSP6 – North East Chelmsford	9
SGSP7a – Great Leighs, Land at Moulsham Hall	5
SGSP10 – North of South Woodham Ferrers	5
TOTAL	24

2.6. Local Plan Policy DM3 and the Planning Obligations Supplementary Planning Document (POSPD) provide some general specifications towards location, design, and on-site provisions in the development of Travelling Showperson Sites. This includes considerations towards natural designations (e.g. Green Belt), historic designations, impact on character, provision of on-site services (e.g. water, electricity, etc.), vehicular access and proximity to local amenities.

2.7. The Travelling Showperson Sites Planning Advice Note has been produced to support the Local Plan and POSPD by providing clarity in response to common questions, and guidance on the design and layout of emerging Travelling Showperson Sites.

2.8. The Travelling Showperson Sites Planning Advice Note supports and elaborates upon the Local Plan and POSPD, to seek delivery of Travelling Showperson plots that meet government aims set out in the PPTS, ensuring sites (whether allocated or unallocated) are:

- Delivered to the same high-quality standard as would be expected in any other residential provision,
- Suitable to accommodate the live/work lifestyle associated with the Travelling Showperson community,
- Able to facilitate easy maintenance and management to ensure site sustainability and protect the health and wellbeing of residents.

3. Consultation

- 3.1. Following approval by Chelmsford Policy Board at its meeting on 2 November 2023, the Draft Travelling Showperson Sites Planning Advice Note (see Appendix 1) was the subject of a focused consultation.
- 3.2. As the draft Travelling Showperson Sites Planning Advice Note takes an advisory approach to the design and delivery of Travelling Showperson sites, stakeholders were invited to give their views on the draft through targeted consultation.
- 3.3. The consultation ran for four weeks from 10.00am on Thursday 16 November 2023 until 4.00pm on Wednesday 13 December 2023.

4. Feedback from Consultation

- 4.1. The consultation received eight representations. This included representation from two parish councils within the Chelmsford administrative area, two planning agents, the Showmen's Guild, Essex County Council, National Highways, and the Essex County Fire and Rescue Service.
- 4.2. A feedback report, including a summary of the representations received can be found at Appendix 2 of this report. This sets out who and how we consulted on the Note and the feedback received from the consultation. The feedback contains details of each representation and the Council's comments and/or change proposed because of those comments, where considered appropriate.
- 4.3. The majority of the responses were supportive of the draft Travelling Showperson Sites Planning Advice Note and its purpose.
- 4.4. Essex County Council and the Essex County Fire and Rescue Service suggested some further reference/inclusion of specific guidance and reference to regulations to strengthen the approach.
- 4.5. One planning agent was supportive of plot sizes/max amount whilst the other challenged this approach. Both sought further clarification upon the S106 element of delivery.
- 4.6. The Showmen's Guild were supportive but sought assurance of flexibility and involvement within site delivery.

- 4.7. Finally, Danbury Parish Council's comments were matters related to the Chelmsford Local Plan and the NPPF; and Chelmsford Garden Community Council and National Highways stated they had no comments to make.

5. Proposed Changes

- 5.1. Proposed changes to the Travelling Showperson Sites Planning Advice Note are set out in Appendix 3 of this report. This addresses the proposed changes set out in the feedback report as well as some minor additional changes proposed. Changes are shown as tracked changes with red text indicating additional text and strikethrough text where text is replaced or removed.
- 5.2. Following agreement of the proposed changes, a final version of the document will be produced and published on the Council's website as soon as practicable.

6. Conclusions

- 6.1. The consultation on the Travelling Showperson Sites Planning Advice note received eight representations. Proposed changes are set out in Appendix 3 of this report in response to these comments.
- 6.2. It is recommended that Cabinet agrees the proposed changes to the Planning Advice Note attached at Appendix 3 of this report and approves the publication of the Travelling Showperson Sites Planning Advice Note in accordance with those changes, pending any subsequent minor textual, presentation or layout amendments to the final version.

List of appendices:

Appendix 1 – Consultation Draft Travelling Showperson Sites Planning Advice Note
Appendix 2 – Consultation Summary, Feedback Received, and Officers' Responses
Appendix 3 – Proposed Changes to the Travelling Showperson Sites Planning Advice Note

Background papers:

Equality Impact Assessment for Draft Travelling Showperson Sites Planning Advice Note.

National Planning Policy Framework, 2021

Planning Policy for Traveller Sites, 2015

Corporate Implications

Legal/Constitutional:

N/A

Financial:

N/A

Potential impact on climate change and the environment:

Travelling Showperson Sites would need to adhere to the Council's sustainable development policies within the adopted Local Plan and the guidance within the Council's Making Places SPD and Tree Planting Planning Advice Note, as appropriate.

Contribution toward achieving a net zero carbon position by 2030:

Built structures on Travelling Showperson sites will need to adhere with Building Regulations which are currently working towards Net Zero Ready by 2025.

Personnel:

N/A

Risk Management:

N/A

Equality and Diversity:

The Chelmsford Local Plan was subject to an Equality and Diversity Risk Assessment. A further assessment has been undertaken on this Planning Advice Note.

Health and Safety:

N/A

Digital:

N/A

Other:

N/A

Consultees:

Chelmsford City Council Planning Policy Team
Chelmsford City Council Development Management Team

Relevant Policies and Strategies:

Chelmsford Local Plan 2013-2036, 2020

Planning Obligations Supplementary Planning Document, 2021

Our Chelmsford, Our Plan

Equalities Impact Assessment for Draft Travelling Showperson Sites Planning Advice Note

Chelmsford Local Plan

**Travelling
Showperson Sites**
Planning Advice Note

October 2023



Travelling Showperson Sites: Planning Advice Note

1. Background

- 1.1. Planning Policy for Traveller Sites (PPTS) sets out the government's aim of ensuring 'fair and equal treatment for travellers, in a way that facilitates the traditional nomadic way of life of travellers while respecting the interests of the settled community.' This includes 'provision of suitable accommodation'.
- 1.2. Within the travelling community, the PPTS identifies two distinct cultural groups: Gypsies and Travellers and Travelling Showpeople. This Planning Advice Note deals only with provision for Travelling Showpeople.
- 1.3. PPTS defines Travelling Showpeople as:
'members of a group organised for the purposes of holding fairs, circuses or shows (whether or not travelling together as such). This includes such persons who on the grounds of their own or their family's or dependants' more localised pattern of trading, educational or health needs or old age have ceased to travel temporarily, but excludes Gypsies and Travellers'.
- 1.4. The cultural lifestyle of Travelling Showpeople often means that accommodation in the form of flats and houses etc. is not suitable for this community. Travelling Showpeople are generally accommodated on 'plots' (sometimes informally known as 'yards').
- 1.5. In accordance with the National Planning Policy Framework (NPPF) and PPTS, local planning authorities have a responsibility to identify and address the accommodation needs of different groups of the community, including Travelling Showpeople.
- 1.6. Chelmsford City Council adhere to this requirement in the undertaking Gypsy and Traveller Accommodation Assessments (GTAAAs) to identify the number of plots required and duly allocating the required amount within the Chelmsford Local Plan.
- 1.7. The Chelmsford Local Plan has allocated 24 plots to be provided to meet the identified needs of the Travelling Showperson community.

2 Purpose

- 2.1. This planning advice note has been prepared to focus upon the design and layout of emerging Travelling Showperson provision. Information is provided about the standards that should apply to all new Travelling Showperson sites in Chelmsford, unless it can be demonstrated that the particular site circumstances require a different design approach.
- 2.2. This note applies to both allocated and non-allocated sites which may come forward. It seeks to ensure that Travelling Showperson plots are delivered to the same high standard and high quality as would be expected by Chelmsford City Council on any other form of residential development, therefore achieving the government's aim of ensuring fair and equal treatment and provision of suitable accommodation.

- 2.3. This note should be read in conjunction with:
- **Chelmsford Local Plan Policy DM3**
This sets out some general provisions on Gypsy, Traveller and Travelling Showperson sites. This planning advice note does not supersede policy, but design related elements from the policy are reiterated and elaborated upon.
 - **Chelmsford Local Plan Appendix B – Development Standards**
This provides standards relating to privacy, amenity space, natural light, open space, internal space and recycling and waste applicable to new residential development within settled communities. This planning advice note refers to the standards where they are also applicable to Travelling Showpeople plots.
 - **Planning Obligations Supplementary Planning Document (POSPD)**
This sets out some general provisions on Gypsy, Traveller and Travelling Showperson sites. This planning advice note complements and elaborates upon elements in this document.
 - **Making Places SPD**
This provides detailed guidance on additional design elements to be considered that are not addressed in this note.
- 2.4. The following design standards are covered in this Planning Advice Note:
- Site sizes
 - Site boundaries
 - Vehicle access and parking
 - On-site services
 - Suitable living and working environments
 - Amenity green spaces

3. Site Sizes

- 3.1. Local Plan Policy DM3 states that sites must be of a sufficient size to accommodate the proposed number of caravans, vehicles, and ancillary areas and to enable the storage, repair, and maintenance of equipment.
- 3.2. It is expected that 0.2 hectares per plot should be provided. This is considered an appropriate size to accommodate the above and to account for turning space required by the larger vehicles and amenity space for residents. Larger plots may be acceptable to facilitate future sub-division of plots to accommodate any anticipated rise in need.
- 3.3. To help sites integrate into existing communities and to ensure sites are suitable for an extended family unit, new Travelling Showperson sites should seek to provide a maximum of 10 plots.
- 3.4. In accordance with the approach set out within the POSPD and Making Places SPD, all new Travelling Showperson provision should seek the planting of three trees per net new plot. In line with the Environment Act 2021, all development proposals (except where exemptions apply) will be required to provide a minimum of 10% biodiversity net gain above the ecological baseline for the application site. Where it is possible to achieve, the Council will encourage the delivery of a greater than 10% biodiversity net gain.

4. Site Boundaries

- 4.1. Local Plan Policy DM3 requires sites to provide a suitable living environment for the proposed residents. To work towards achieving this requirement, the perimeter of any Travelling Showperson site should be suitably bounded. This is to provide a level of safety and security to site residents, deterring unauthorised entry onto the Travelling Showperson site.
- 4.2. Site boundaries should be clearly marked, and materials chosen should be sympathetic to the character of the area. Consideration should be given towards location of access points in the boundary to ensure connectivity between the site and the surrounding amenities can still be achieved.
- 4.3. Further, each plot should have a clear boundary defining the area each individual household occupies. This ensures clarity over land responsibility and protects the living, working and amenity space of individual households.
- 4.4. In designing plot boundaries, consideration needs to be given towards achieving a balance of preventing overlooking onto individual households to provide privacy and retaining a level of natural surveillance across the site for resident safety.

5. Vehicle Access and Parking

- 5.1. Local Plan Policy DM3 requires sites to have safe and convenient vehicular access to the local highway network.
- 5.2. Travelling Showpeople sites need to accommodate a range of vehicles including cars, vans, lorries, trailers, mobile homes, and caravans and be accessible to emergency vehicles and refuse collection vehicles. Access is required both into the site as a whole and into individual plots.
- 5.3. Access into and within the site needs to be able to accommodate the turning space required by large trailers as well as emergency vehicles, refuse collection, without compromising the safety of residents nor the function of the connecting strategic highway. Early consultation with Essex Highways is advisable to ensure this is achieved.
- 5.4. The following parking provision is suggested for each plot as a minimum:
 - 2 bays to accommodate private cars
 - 1 bay to accommodate a static mobile home
 - 1 bay to accommodate a touring caravan
 - 4 bays to accommodate lorries and/or trailers
- 5.5. Bays allocated for static mobile homes or touring caravans must be at least two meters away from any road. On each plot, at least one bay allocated for use by private car must be suitable to accommodate drivers/passengers who are wheelchair users.
- 5.6. All parking provision is to be provided on hardstanding areas and clearly designated to deter unsafe or obstructive parking. These areas must be constructed with material suitably able to sustain large weight and regular movement attributed with the range of vehicles on site.

- 5.7. For fire safety reasons, no bay allocated for static mobile home nor touring caravan should be placed within three metres of the site boundary; and the distance between bays allocated for static mobile homes or touring caravans needs to be at least six metres.
- 5.8. Allocated bays for private cars ought to have a separation distance of at least six meters from a touring caravan or static home. Where this is not achievable, a separation distance of at least three meters can be allowed so long as the private cars would not obstruct entrance to the touring caravan or static home.
- 5.9. All separation distances must also be clear of any combustible structures. Early consultation with the Fire Services is advisable.

6. On-Site Services

- 6.1. Local Plan Policy DM3 and the POSPD set out that essential services including mains water, electricity, drainage, and sanitation should be available or are made to be available on-site. In addition, surface drainage (which may take the form of SuDS), and broadband are to be provided where possible.
- 6.2. Further, reflective of Local Plan Policy DM25, each plot will be required to provide electric vehicle (EV) charging points at a rate of at least 1 EV charging point per plot. The EV charging point provided must be on plot and accessible to vehicles parked within the allocated bays for cars and/or static mobile home and/or touring caravan. Provision of any additional EV charging points on plot will be welcomed.
- 6.3. Any amenity building provided on plot shall meet the Building Regulations optional requirement for water efficiency of 110 litres/person/day.
- 6.4. Recycling and waste provisions are to be provided in the same manner as are expected for any other residential development. Space to store recycling and waste receptacles and ability for refuse collectors to reach these needs to be considered. See Appendix B of the Chelmsford Local Plan for details.
- 6.5. Infrastructure facilitating on-site energy generation and sustainable living will be supported. This may take the form of solar PV/solar thermal, rainwater harvesting, heat pumps, etc.

7. Suitable Living and Working Environment

- 7.1. When not holding fairs, circuses, shows or the like, Travelling Showpeople require space to reside with their troupes and/or families and space to store and undertake maintenance on their equipment. Each plot therefore needs to be able to accommodate a suitable work/home lifestyle with consideration given to the layout to minimise potential conflict between residents, vehicles and storage/maintenance works.
- 7.2. An amenity building must be provided on each plot with connections to all on-site services. As a minimum, the building must include a WC with sink basin, a shower and utility room, kitchen, lounge, and a dining area.

- 7.3. The amenity building should suitably accommodate residents of all abilities and stages of life. In designing the amenity building, consideration must be given towards accessibility and adaptability provision.
- 7.4. Consideration must also be given towards resident privacy in the siting and orientation of the amenity building. In accordance with Appendix B of the Local Plan, all habitable rooms must have at least one window in a wall allowing outlook and ventilation. Walls which form a boundary with another plot or a boundary to the site should not have windows.
- 7.5. An external shed should be provided to serve as residential storage, and a secure enclosure to be provided for the storage of metal gas bottles.
- 7.6. A maintenance/storage workshop of at least 100m² floorspace is to be provided on each plot. Water and electricity provision must be available as a minimum. Where feasible, the height should be around 1.5 storeys to accommodate the height of a standard lorry/trailer.
- 7.7. If site constraints prevent delivery of maintenance/storage workshops on each plot, provision of these can be within a communal areas. It is expected in this instance that at least 100m² floorspace per plot is still achieved.
- 7.8. The maintenance/storage workshops should be positioned at a distance of at least six metres away from any amenity building, or parking bay for static or touring caravans to minimise the impact of visual, noise and odour pollution on residents. Conditions may be required to establish permissible activities/use classes and set operation times to reduce risk of nuisance.
- 7.9. Each Travelling Showperson site should have a site office provided on-site, where a site manager can be based and residents on site can reasonably access. It is expected that the site owners/other residents of the site would collectively own and manage the office building. Planning conditions will be put in place to retain the use as a site office for site management in perpetuity.
- 7.10. To promote safety and security on site, consideration must be given towards the design, layout, and positioning of the site office. This site office must be situated within a suitable distance of the residential plots to provide security to the site without being intrusive and should be clearly visible to visitors entering the site. The site office must be designed to ensure it is easily accessible to all residents on site, and suitably accommodate all abilities and stages of life.
- 7.11. A site office must have connections to all on-site services. As a minimum, the building must include a WC with sink basin, kitchen, and lounge area.
- 7.12. For fire safety, the amenity building, site office, maintenance/storage workshop and any other storage units should be constructed from non-combustible materials such as masonry brick.

8. Amenity Green Spaces

- 8.1. Local Plan Appendix B sets the Council's expectation that all new homes provide easy access to private or communal garden space and that this space be provided to a high standard.
- 8.2. The principle behind this requirement is applicable to the traveling community also. Access to green space can serve as a space for relaxation, for play, for socialising, and for connecting with nature, all of which help to promote wellbeing.
- 8.3. Provision of amenity green space should be made on Travelling Showperson sites in accordance with Table 1 below.

Table 1: Amenity Space Provision on Travelling Showperson Plots

Private/Communal Amenity Green Space	Form	Amount
Where amenity green space can be delivered on plot	<ul style="list-style-type: none"> Grassy and/or woodland space without hardstanding. Within boundary of plot. Not accessible to motorised vehicles. 	<ul style="list-style-type: none"> 80m² minimum private green amenity space
Where amenity green space cannot be delivered in full on plot*	<ul style="list-style-type: none"> Demarcated private zone on each plot capable of use as a clothes drying area. Within boundary of plot. Not accessible to motorised vehicles 	<ul style="list-style-type: none"> 10m² minimum demarcated private zone
	<ul style="list-style-type: none"> Communal space, overlooked by other plots on site to promote safety through surveillance. Within site boundary Grassy and/or woodland space without hardstanding - with exception being the presence of children's play equipment if appropriate. Not accessible to motorised vehicles. 	<ul style="list-style-type: none"> 20m² minimum per-plot communal green amenity space (100m² minimum in total).

*both demarcated private zone AND communal space to be provided in this instance

- 8.4. Spaces need to feel safe and be accessible to all intended users. It is advisable to consider the boundary treatment of the amenity green space provision to protect its users – particularly children – from the surrounding vehicular traffic.

8.5. Members of this travelling community may keep domestic animals. The design of amenity green space therefore needs to offer flexibility to safely accommodate these animals on site.

9. Indicative Layout Designs

9.1. Though not prescriptive, the following figures provide indicative layout designs of Travelling Showpeople sites that would be acceptable.

Figure 1: Indicative Travelling Showperson site example layout with separate provisions

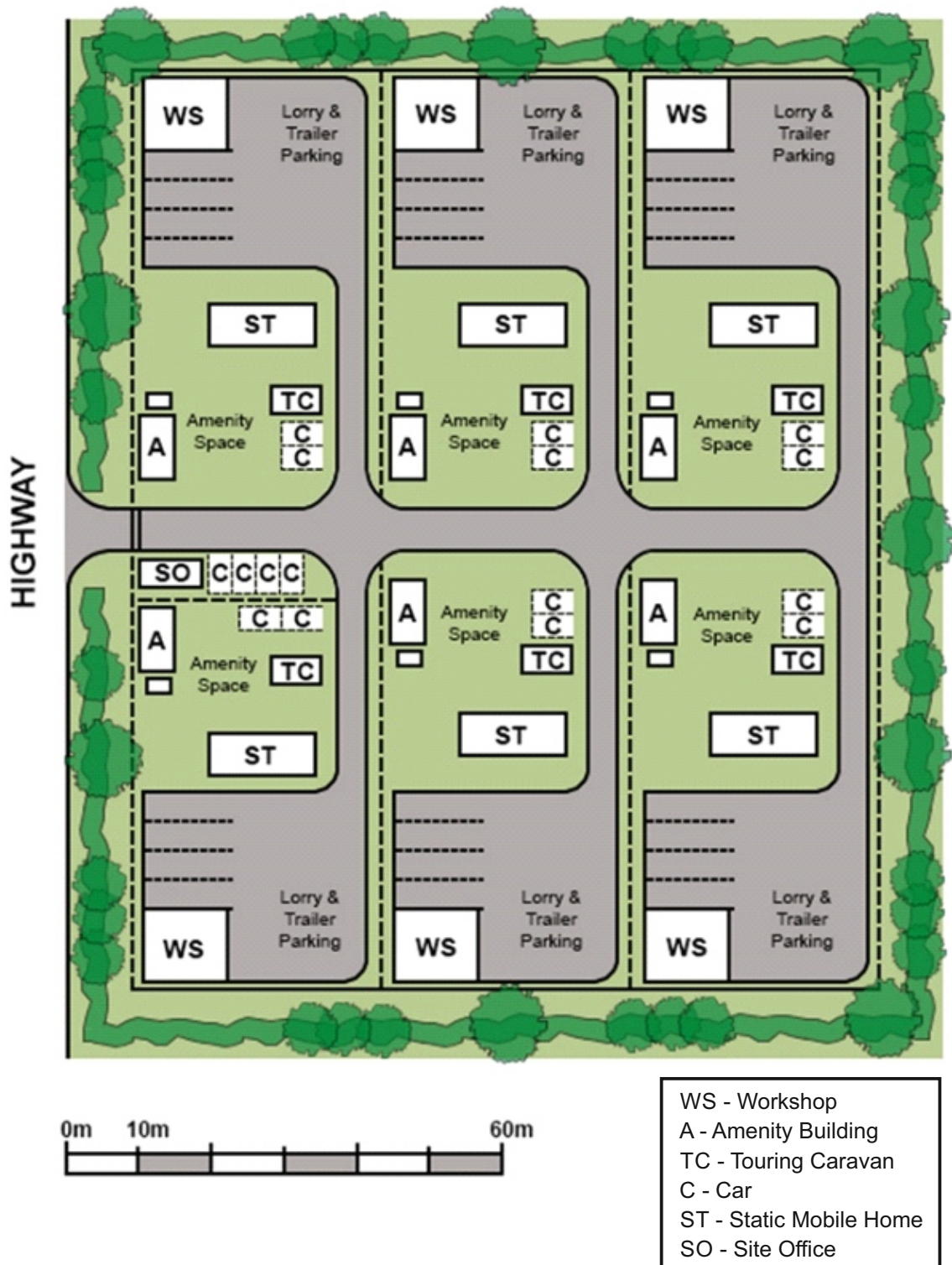


Figure 2: Indicative Travelling Showperson site example layout with shared provisions



10. Planning Stages

- 10.1. Development of a new Travelling Showperson site must be in accordance with Local Plan Policy DM3 (and other relevant Local Plan policies) and requires the submission of a Travelling Showpeople Site Scheme, to be approved in writing by the Council.
- 10.2. The Travelling Showpeople Scheme (with plans/drawings as appropriate) must detail:
 - The location of the proposed Travelling Showpeople Site
 - The layout and configuration of each plot
 - Parking provision
 - Areas set aside for storage and maintenance of equipment
 - Provision for the supply of on-site services
 - Landscaping
 - Any ancillary buildings
 - Boundary treatment and screening
 - Highway access
 - The mechanism for agreeing the market value in respect of the Travelling Showpeople Site which shall be applicable to any marketing and transfer of the Completed Travelling Showpeople Site
 - Any other details that the Council may reasonably require to be included
- 10.3. Where Travelling Showperson sites are allocated as part of a wider strategic site, certainty surrounding Local Plan Policy compliancy and elements of the Scheme will also be required at earlier stages of the planning process as set out in the following flow chart.

Step 1 - Masterplan Submission

All potential Travelling Showpeople sites are indicated on a site plan with high level consideration given to:

- Size of site and number of plots to be provided
- Identification of any protected natural feature on site
- Impact upon character of the area, historic or natural environment assets, and flood risk



Step 2 - Outline Planning Application

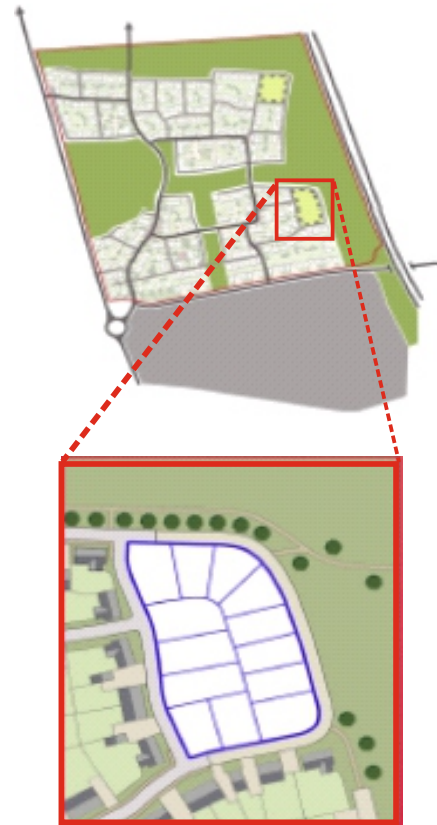
All Travelling Showpeople sites are shown on an indicative layout plan and relative parameter plans. A S106 agreement will secure the delivery of Traveller Showperson plots. Detailed consideration is to be given to:

- Vehicle access into the site and connectivity to the highway network
- Provision for the supply of all on-site services into the site boundary
- Provision of adequate community services and facilities within reasonable travelling distance to the site
- Plot boundaries



Step 3 - Reserved Matters Application

Full Travelling Showpeople Site Scheme to be submitted. This should include plans detailing the site location, plot layouts and siting of hardstanding, buildings and other provisions on-site.



11. Section 106

- 11.1. For development of Travelling Showpeople sites, the Council will seek to secure a Section 106 obligation to set out the number of plots, tenure, uses on site, mechanism for determining the 'market value' of the site and the prioritisation mechanism of the Traveller Showperson accommodation to be provided in perpetuity.
- 11.2. The prioritisation mechanism will ensure that each Travelling Showperson plot shall only be occupied by persons who satisfy that they are part of a Travelling Showperson household, they (or one of them if the household consists of more than one person) are aged 18 or over, have a Travelling Showpeople Local Connection, and can adhere to the 'Plot Eligibility & Allocation Prioritisation Policy for Travelling Showpeople' as enforced at the time.
- 11.3. Where the Travelling Showperson site is part of a wider strategic development, the Section 106 will seek to secure that Travelling Showperson provision will be constructed in accordance with the approved Travelling Showpeople Site Scheme and the terms of the Planning Permission/Reserved Matters approval before occupation of 50% of the market housing provision.

APPENDIX 2

Consultation Summary, Feedback Received, and Officers' Responses

Introduction

The Travelling Showperson Sites Planning Advice Note has been produced to support and elaborate upon the Local Plan and Planning Obligations SPD, to seek delivery of Travelling Showperson plots that meet government aims set out in the Planning Policy for Traveller Sites, ensuring sites (whether allocated or unallocated) are:

- Delivered to the same high-quality standard as would be expected in any other residential provision,
- Suitable to accommodate the live/work lifestyle associated with the Travelling Showperson community,
- Able to facilitate easy maintenance and management to ensure site sustainability and protect the health and wellbeing of residents.

Preparation of the Draft Travelling Showperson Sites Planning Advice Note

The drafting of this Planning Advice Note commenced in September 2023 with an informal consultation with internal City Council officers including those from:

- Planning Policy
- Development Management

The Draft Travelling Showperson Sites Planning Advice Note was discussed and approved for consultation by Chelmsford Policy Board on the 2nd November 2023.

Who and how we formally consulted

The formal consultation took place between 10am Thursday 16th November 2023 until 4pm on Wednesday 13th December 2023.

The Council issued consultation notifications to local Parish and Town Councils, Registered Providers, Developers/their agents, the Showmen's Guild, and residents on existing Travelling Showperson Sites within the Chelmsford administrative area. In total, there were 1,043 consultees notified of the consultation.

From Wednesday 16th November 2023, the draft Travelling Showperson Sites Planning Advice Note was made available online at: www.chelmsford.gov.uk/planningpolicyconsult. A dedicated web page was also set up on the Council's website containing detailed information about the consultation.

Paper copies were able to be viewed at the City Council’s Customer Service Centre, Civic Centre, Duke Street, Chelmsford, CM1 1JE, Monday to Friday 10.00am to 4.00pm.

The consultation portal provided a web-based feedback form to add comments to. A paper copy was also available to collect from the Council Offices or to be posted.

Comments were able to be made in the following ways:

- Online: www.chelmsford.gov.uk/planningpolicyconsult
- By email: planning.policy@chelmsford.gov.uk
- By post: Spatial Planning Services, Civic Centre, Duke Street, Chelmsford, Essex, CM1 1JE
- By hand: Monday to Friday 10.00am to 4.00pm - Customer Service Centre, Civic Centre, Duke Street, Chelmsford, CM1 1JE

Number of comments received

8 representations were received. These are summarised in the table below. Please note these are not verbatim comments. Full comments received are available at <https://consult.chelmsford.gov.uk/kse/event/37742/peoplesubmissions/>

Consultee	Summary of comment/s made	Council Comments
Essex County Council	<ul style="list-style-type: none"> • Welcome reference to SuDS consideration – consideration to be given to the SuDS Design Guide for Essex. 	<ul style="list-style-type: none"> • Footnote added referencing the SuDS Design Guide for Essex
	<ul style="list-style-type: none"> • Welcome reference to provision of broadband. Suggest addition to para 6.1 to reference gigabit speed and reliable mobile connection. 	<ul style="list-style-type: none"> • Reference to gigabit broadband and mobile infrastructure added
	<ul style="list-style-type: none"> • Welcome reference to EV charging points. 	<ul style="list-style-type: none"> • Noted – no action required.
	<ul style="list-style-type: none"> • Welcome reference to provision of infrastructure facilitating on-site energy generation. 	<ul style="list-style-type: none"> • Noted – no action required.
	<ul style="list-style-type: none"> • Welcome reference to required provision of plans/drawings re. highway access. ECC would wish to be consulted upon at macroplanning stage to ensure appropriate access. 	<ul style="list-style-type: none"> • Reference to early engagement with Essex County Council as the Highways Authority added

Consultee	Summary of comment/s made	Council Comments
IBA Planning Ltd	<ul style="list-style-type: none"> Amenity buildings would not be required since the kitchen, WC and lounge facilities are provided within Showmen's trailers or chalets/mobile homes 	<ul style="list-style-type: none"> None – Can appreciate that some trailers will encompass these facilities, but not all will, and provision of the amenity block ensures that appropriate water, electricity, drainage and sanitation is available to all residents on equal terms
	<ul style="list-style-type: none"> Not all Showman Sites require a site managers office nor a maintenance building – instead relying upon portable workshops that they can travel with. Therefore, minimum standards set may not always be necessary 	<ul style="list-style-type: none"> None – Again, whilst some may have portable workshops, not all will, and the on-site provision of workshops provide safe workspaces with appropriate water and electricity connections. Provision of a Site Office promotes a safety and security on site for residents and serves as a port-of-call for visitors accessing the site.
	<ul style="list-style-type: none"> Suggest review of the language used throughout to include 'typically', 'approximately', 'where appropriate' or 'where required' 	<ul style="list-style-type: none"> None – The existing use of 'must', 'should', and 'where it is possible' throughout the document are considered appropriate to equalise standards.
	<ul style="list-style-type: none"> Do not see the justification in imposing a maximum of 10 plots. Suggest a case-by-case basis approach instead which has regard to the Planning Policy for Traveller Sites 	<ul style="list-style-type: none"> None – Wording stated that sites 'should' seek to provide a maximum of 10 plots (emphasis added). This would not prevent sites with greater than 10 plots from coming forward, but in these instances, the impact upon the integration with existing communities would be a key consideration.
	<ul style="list-style-type: none"> The use of an S106 to control the use of the site to be occupied by persons meeting the definition of Travelling Showpeople is not required for windfall applications since the same end can be controlled by way of planning condition. 	<ul style="list-style-type: none"> The purpose of the Section 106 obligation is to ensure that identified local need is addressed. If there is an identified local need not yet addressed, then a prioritisation mechanism set out within a S106 will apply. Para 11.1 has been amended to better explain this.

Consultee	Summary of comment/s made	Council Comments
	<ul style="list-style-type: none"> • Whilst there might be the case for an S106 to impose a local connection/priority to those sites/plots specifically allocated to meet a local need identified in a GTAA through the Local Plan process, this again is not something that should be required when dealing with any windfall application – having specific regard to the advice in Planning Policy for Traveller Sites 2015 which advises that a Council cannot refuse an application owing to a lack of a local connection • Suggest CCC consult with the Showmans Guild and existing residents of TSP sites in Chelmsford • Suggest CCC hold a series of public workshops to allow the showmen to better understand the Council's approach face-to-face, rather than reading a document. 	<ul style="list-style-type: none"> • Removal of statement that occupiers satisfy that they have a Travelling Showpeople Local Connection. • The 'Plot Eligibility & Allocation Prioritisation Policy for Travelling Showpeople' would have a cascading mechanism to ensure identified local need is prioritised but would not prevent consideration of those without a local connection • None – As part of the consultation on the draft Travelling Showperson Sites Planning Advice Note, both the Guild and all existing known Travelling Showperson authorised sites in the administrative area were contacted. • None – The purpose of the Planning Advice Note is to serve as a guide of the standards to be expected. It is not to replace or supersede policy. Further, an Equality Impact Assessment undertaken to accompany the Planning Advice Note and consultation identified and appropriately mitigated against how different groups may be affected. Finally, a response has been received from the Guild on this draft document, so we can be confident the appropriate audience has been reached.
Danbury Parish Council	<ul style="list-style-type: none"> • Where TSP sites are located on greenfield sites, they should continue to be designated as greenfield and not re-designated as brownfield • Sites should be located in an area that is within or contiguous with the DSB 	<ul style="list-style-type: none"> • None – Greenfield and Brownfield (or Previously Developed Land) are defined within the National Planning Policy Framework. Chelmsford City Council do not determine the definition. • None – Criteria surrounding the location of Travelling Showperson Sites is a matter for the Local Plan to address
Chelmsford Garden Community Council	<ul style="list-style-type: none"> • No comments to make 	<ul style="list-style-type: none"> • Noted – no action required.

Consultee	Summary of comment/s made	Council Comments
DWD	<ul style="list-style-type: none"> Support sizes/figures for minimum plot size and maximum number of plots on a site 	<ul style="list-style-type: none"> Noted – no action required.
	<ul style="list-style-type: none"> With regard to delivery of TSP plot buildings, clarification should be provided as to whether these can be secured via financial contribution or delivered by an alternative delivery body, or if a plot handover is required to include all buildings beforehand 	<ul style="list-style-type: none"> None – Delivery method of a Travelling Showperson Site may vary from site to site, so it is not considered appropriate to address this within the Planning Advice Note through risk of limiting delivery options.
	<ul style="list-style-type: none"> Suggest each site is considered on a case-by-case basis with the method of delivery subject to S106 agreements 	<ul style="list-style-type: none"> None – The Planning Advice Note already states that “A S106 agreement will secure the delivery of Travelling Showperson plots”.
	<ul style="list-style-type: none"> Suggest flexibility around occupation prior to 50% of market housing provision to accommodate possible extenuating circumstances on site. 	<ul style="list-style-type: none"> None – The Planning Advice Note states “the Section 106 will seek to secure...” (emphasis added) acknowledging that this may not always be possible. Deviation from the 50% would be appropriately assessed by officers on a case-by-case basis.
National Highways	<ul style="list-style-type: none"> No comments to make 	<ul style="list-style-type: none"> Noted – no action required.
The Showmen’s Guild of Great Britain	<ul style="list-style-type: none"> Welcome the positive approach Suggest that 0.2ha plot size is an average – some families will need larger, others smaller 	<ul style="list-style-type: none"> Noted – no action required. None – The Planning Advice Note sets out this is the area that ‘should’ be provided and caveats that larger provisions may also be acceptable. This is in alignment with what is set out in the adopted Local Plan and supporting Planning Obligations SPD. This doesn’t prevent smaller provisions from being submitted but evidence of appropriate on-site provisions, amenity space and highways safety would have to be evidenced.
	<ul style="list-style-type: none"> Suggest involvement of TSP families in need of plots within the planning process of new TSP sites 	<ul style="list-style-type: none"> None – As with any planning application, appropriate consultation and review of existing identified need would be undertaken to ensure the proposal is appropriate.

Consultee	Summary of comment/s made	Council Comments
	<ul style="list-style-type: none"> Suggest flexibility around the maximum of 10 plots per site requirement. 	<ul style="list-style-type: none"> None – Wording stated that sites ‘should’ seek to provide a maximum of 10 plots (emphasis added). This would not prevent sites with greater than 10 plots from coming forward, but in these instances, the impact upon the integration with existing communities would be a key consideration.
Essex County Fire and Rescue Service	<ul style="list-style-type: none"> Suggest use of community spaces as a hub for Prevention Teams to deliver Fire Safety and Education visits and shared use of an EV charging point 	<ul style="list-style-type: none"> Wording added to suggest that “The Site Office would serve as a hub for residents to report and discuss issues and where appropriate accommodate site health, safety, and wellbeing sessions.” Parking specification for Site Office added to ensure at least 1 space has an EV charging point.
	<ul style="list-style-type: none"> Add reference to adherence to Fire Safety Order and relevant Building Regulations; installation of smoke alarms and/or sprinkler system; communally accessible fire alarm and fire extinguishers (subject to a Fire Risk Assessment) 	<ul style="list-style-type: none"> Reference added to Building Regulations and Fire Safety Order. Comment added to recommend early engagement with the Essex Fire and Rescue Service
	<ul style="list-style-type: none"> Optimising road and pedestrian safety needs consideration 	<ul style="list-style-type: none"> None – This would be picked up by Essex Highways when consulted on a planning application
	<ul style="list-style-type: none"> Reduce risks around outdoor water sources 	<ul style="list-style-type: none"> Comment added to recommend early engagement with the Essex Fire and Rescue Service
	<ul style="list-style-type: none"> Consideration for bin location and designing out crime needed. Indicative layouts do not account for these 	<ul style="list-style-type: none"> Paragraph added in ‘Suitable Living and Working Environment’ section to advise that consideration towards ‘designing out crime’ is needed and suggest early engagement with Essex Police on planning applications
	<ul style="list-style-type: none"> Greater consideration for provisions and use of EV charging points to ensure their safety and maintenance 	<ul style="list-style-type: none"> None – Provisions set out are reflective of the Local Plan. Installation, servicing and maintenance would fall to the developer and site manager.

Consultee	Summary of comment/s made	Council Comments
	<ul style="list-style-type: none"> Who will have overall responsibility for the Site Office with added responsibility of implementation and adherence to Fire Safety measures 	<ul style="list-style-type: none"> This would be addressed within a Site Management Strategy. This has been added this to the list of elements to be included within the Travelling Showpeople Scheme
	<ul style="list-style-type: none"> Consideration for road widths to be wide enough for emergency service vehicles – suggest a separate/second entry to access 	<ul style="list-style-type: none"> Indicative plans have been reviewed to incorporate an emergency vehicle access to serve as a second access. Comment added to recommend early engagement with the Essex Fire and Rescue Service.
	<ul style="list-style-type: none"> Road surfaces to be compliant with Essex Act 1987 	<ul style="list-style-type: none"> None – This would be picked up by Essex Highways when consulted on a planning application.
	<ul style="list-style-type: none"> Suggest implementation of a Transport Strategy and Risk Reduction Strategy to be required to minimise impact of construction; and a Land Management Strategy to minimise the spread of fire 	<ul style="list-style-type: none"> None – The National Validation List and the Councils Local Validation List set out the list of documents that would be required for an application.

APPENDIX 3

Proposed Changes to the Travelling Showperson Sites Planning Advice Note

The following provides a tracked changes version of the Travelling Showperson Sites Planning Advice Note. This shows the proposed amendments in response to feedback received from the consultation.

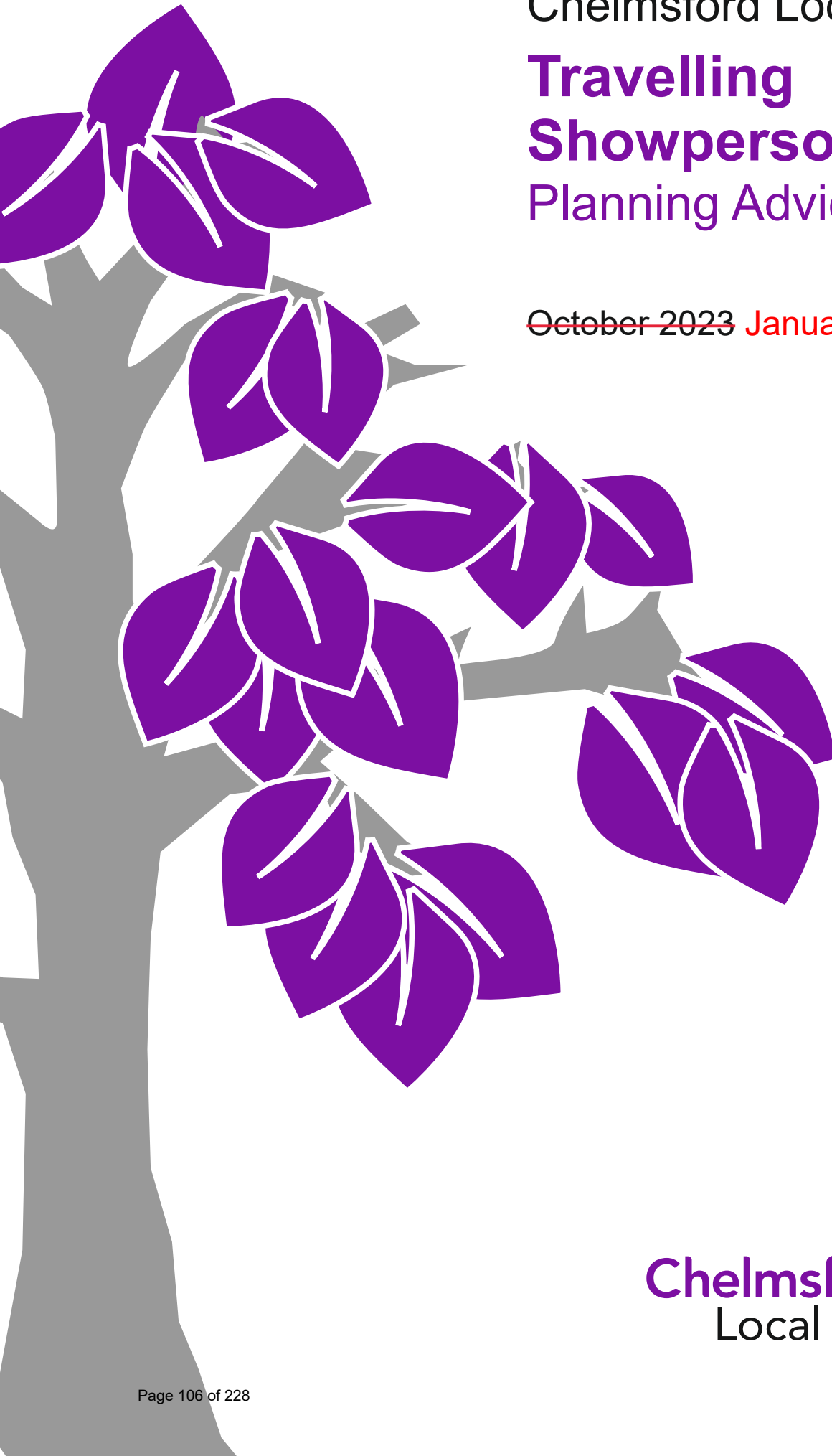
Text in **red** indicates additional content inserted.

Text that has been struck through (i.e. ~~example~~) indicates content to be replaced or removed.

Chelmsford Local Plan

Travelling Showperson Sites Planning Advice Note

~~October 2023~~ January 2024



Travelling Showperson Sites: Planning Advice Note

1. Background

- 1.1. Planning Policy for Traveller Sites (PPTS) sets out the government's aim of ensuring 'fair and equal treatment for travellers, in a way that facilitates the traditional nomadic way of life of travellers while respecting the interests of the settled community.' This includes 'provision of suitable accommodation'.
- 1.2. Within the travelling community, the PPTS identifies two distinct cultural groups: Gypsies and Travellers and Travelling Showpeople. This Planning Advice Note deals only with provision for Travelling Showpeople.
- 1.3. PPTS defines Travelling Showpeople as:
'members of a group organised for the purposes of holding fairs, circuses or shows (whether or not travelling together as such). This includes such persons who on the grounds of their own or their family's or dependants' more localised pattern of trading, educational or health needs or old age have ceased to travel temporarily or permanently, but excludes Gypsies and Travellers'.
- 1.4. The cultural lifestyle of Travelling Showpeople often means that accommodation in the form of flats and houses etc. is not suitable for this community. Travelling Showpeople are generally accommodated on 'plots' (sometimes informally known as 'yards').
- 1.5. In accordance with the National Planning Policy Framework (NPPF) and PPTS, local planning authorities have a responsibility to identify and address the accommodation needs of different groups of the community, including Travelling Showpeople.
- 1.6. Chelmsford City Council adhere to this requirement in the undertaking Gypsy and Traveller Accommodation Assessments (GTAAAs) to identify the number of plots required and duly allocating the required amount within the Chelmsford Local Plan.
- 1.7. The Chelmsford Local Plan has allocated 24 plots to be provided to meet the identified needs of the Travelling Showperson community.

2 Purpose

- 2.1. This planning advice note has been prepared to focus upon the design and layout of emerging Travelling Showperson provision. Information is provided about the standards that should apply to all new Travelling Showperson sites in Chelmsford, unless it can be demonstrated that the particular site circumstances require a different design approach.
- 2.2. This note applies to both allocated and non-allocated sites which may come forward. It seeks to ensure that Travelling Showperson plots are delivered to the same high standard and high quality as would be expected by Chelmsford City Council on any other form of residential development, therefore achieving the government's aim of ensuring fair and equal treatment and provision of suitable accommodation.

- 2.3. This note should be read in conjunction with:
- **Chelmsford Local Plan Policy DM3**
This sets out some general provisions on Gypsy, Traveller and Travelling Showperson sites. This planning advice note does not supersede policy, but design related elements from the policy are reiterated and elaborated upon.
 - **Chelmsford Local Plan Appendix B – Development Standards**
This provides standards relating to privacy, amenity space, natural light, open space, internal space and recycling and waste applicable to new residential development within settled communities. This planning advice note refers to the standards where they are also applicable to Travelling Showpeople plots.
 - **Planning Obligations Supplementary Planning Document (POSPD)**
This sets out some general provisions on Gypsy, Traveller and Travelling Showperson sites. This planning advice note complements and elaborates upon elements in this document.
 - **Making Places SPD**
This provides detailed guidance on additional design elements to be considered that are not addressed in this note.
- 2.4. The following design standards are covered in this Planning Advice Note:
- Site sizes
 - Site boundaries
 - Vehicle access and parking
 - On-site services
 - Suitable living and working environments
 - Amenity green spaces

3. Site Sizes

- 3.1. Local Plan Policy DM3 states that sites must be of a sufficient size to accommodate the proposed number of caravans, vehicles, and ancillary areas and to enable the storage, repair, and maintenance of equipment.
- 3.2. It is expected that 0.2 hectares per plot should be provided. This is considered an appropriate size to accommodate the above and to account for turning space required by the larger vehicles and amenity space for residents. Larger plots may be acceptable to facilitate future sub-division of plots to accommodate any anticipated rise in need.
- 3.3. To help sites integrate into existing communities and to ensure sites are suitable for an extended family unit, new Travelling Showperson sites should seek to provide a maximum of 10 plots.
- 3.4. In accordance with the approach set out within the POSPD and Making Places SPD, all new Travelling Showperson provision should seek the planting of three trees per net new plot. In line with the Environment Act 2021, all development proposals (except where exemptions apply) will be required to provide a minimum of 10% biodiversity net gain above the ecological baseline for the application site. Where it is possible to achieve, the Council will encourage the delivery of a greater than 10% biodiversity net gain.

4. Site Boundaries

- 4.1. Local Plan Policy DM3 requires sites to provide a suitable living environment for the proposed residents. To work towards achieving this requirement, the perimeter of any Travelling Showperson site should be suitably bounded. This is to provide a level of safety and security to site residents, deterring unauthorised entry onto the Travelling Showperson site.
- 4.2. Site boundaries should be clearly marked, and materials chosen should be sympathetic to the character of the area. Consideration should be given towards location of access points in the boundary to ensure connectivity between the site and the surrounding amenities can still be achieved.
- 4.3. Further, each plot should have a clear boundary defining the area each individual household occupies. This ensures clarity over land responsibility and protects the living, working and amenity space of individual households.
- 4.4. In designing plot boundaries, consideration needs to be given towards achieving a balance of preventing overlooking onto individual households to provide privacy and retaining a level of natural surveillance across the site for resident safety.

5. Vehicle Access and Parking

- 5.1. Local Plan Policy DM3 requires sites to have safe and convenient vehicular access to the local highway network.
- 5.2. Travelling Showpeople sites need to accommodate a range of vehicles including cars, vans, lorries, trailers, mobile homes, and caravans and be accessible to emergency vehicles and refuse collection vehicles. Access is required both into the site as a whole and into individual plots.
- 5.3. Access into and within the site needs to be able to accommodate the turning space required by large trailers as well as emergency vehicles, refuse collection, without compromising the safety of residents nor the function of the connecting strategic highway. Early consultation with Essex Highways is advisable to ensure this is achieved.
- 5.4. The following parking provision is suggested for each plot as a minimum:
 - 2 bays to accommodate private cars
 - 1 bay to accommodate a static mobile home
 - 1 bay to accommodate a touring caravan
 - 4 bays to accommodate lorries and/or trailers
- 5.5. Bays allocated for static mobile homes or touring caravans must be at least two meters away from any road. On each plot, at least one bay allocated for use by private car must be suitable to accommodate drivers/passengers who are wheelchair users.
- 5.6. **Provision of a Site Office should include at least two bays to accommodate a standard car. At least one bay for the Site Office must be suitable to accommodate drivers/passengers who are wheelchair users.**

- 5.67. All parking provision is to be provided on hardstanding areas and clearly designated to deter unsafe or obstructive parking. These areas must be constructed with material suitably able to sustain large weight and regular movement attributed with the range of vehicles on site.
- 5.78. For fire safety reasons, no bay allocated for static mobile home nor touring caravan should be placed within three metres of the site boundary; and the distance between bays allocated for static mobile homes or touring caravans needs to be at least six metres.
- 5.89. Allocated bays for private cars ought to have a separation distance of at least six meters from a touring caravan or static home. Where this is not achievable, a separation distance of at least three meters can be allowed so long as the private cars would not obstruct entrance to the touring caravan or static home.
- 5.910. All separation distances must also be clear of any combustible structures. Early consultation with the Fire Services is advisable.

6. On-Site Services

- 6.1. Local Plan Policy DM3 and the POSPD set out that essential services including mains water, electricity, drainage, and sanitation should be available or are made to be available on-site. In addition, surface drainage (which may take the form of SuDS¹), and **gigabit** broadband **and mobile infrastructure** are to be provided where possible.
- 6.2. Further, reflective of Local Plan Policy DM25, each plot will be required to provide electric vehicle (EV) charging points at a rate of at least 1 EV charging point per plot. The EV charging point provided must be on plot and accessible to vehicles parked within the allocated bays for cars and/or static mobile home and/or touring caravan. **Provision of at least 1 EV charging point to serve the Site Office parking bays is also required.** Provision of any additional EV charging points on plot will be welcomed.
- 6.3. Any amenity building provided on plot shall meet the Building Regulations optional requirement for water efficiency of 110 litres/person/day.
- 6.4. Recycling and waste provisions are to be provided in the same manner as are expected for any other residential development. Space to store recycling and waste receptacles and ability for refuse collectors to reach these needs to be considered. See Appendix B of the Chelmsford Local Plan for details.
- 6.5. Infrastructure facilitating on-site energy generation and sustainable living will be supported. This may take the form of solar PV/solar thermal, rainwater harvesting, heat pumps, etc.

¹ See the SuDS Design Guide for Essex.

7. Suitable Living and Working Environment

- 7.1. When not holding fairs, circuses, shows or the like, Travelling Showpeople require space to reside with their troupes and/or families and space to store and undertake maintenance on their equipment. Each plot therefore needs to be able to accommodate a suitable work/home lifestyle with consideration given to the layout to minimise potential conflict between residents, vehicles and storage/maintenance works.
- 7.2. An amenity building must be provided on each plot with connections to all on-site services. As a minimum, the building must include a WC with sink basin, a shower and utility room, kitchen, lounge, and a dining area.
- 7.3. The amenity building should suitably accommodate residents of all abilities and stages of life. In designing the amenity building, consideration must be given towards accessibility and adaptability provision.
- 7.4. Consideration must also be given towards resident privacy in the siting and orientation of the amenity building. In accordance with Appendix B of the Local Plan, all habitable rooms must have at least one window in a wall allowing outlook and ventilation. Walls which form a boundary with another plot or a boundary to the site should not have windows.
- 7.5. An external shed should be provided to serve as residential storage, and a secure enclosure to be provided for the storage of metal gas bottles.
- 7.6. A maintenance/storage workshop of at least 100m² floorspace is to be provided on each plot. Water and electricity provision must be available as a minimum. Where feasible, the height should be around 1.5 storeys to accommodate the height of a standard lorry/trailer.
- 7.7. If site constraints prevent delivery of maintenance/storage workshops on each plot, provision of these can be within a communal areas. It is expected in this instance that at least 100m² floorspace per plot is still achieved.
- 7.8. The maintenance/storage workshops should be positioned at a distance of at least six metres away from any amenity building, or parking bay for static or touring caravans to minimise the impact of visual, noise and odour pollution on residents. Conditions may be required to establish permissible activities/use classes and set operation times to reduce risk of nuisance.
- 7.9. **The Site design and layout need to appropriately consider ways of 'Designing out Crime' and it is recommended that the applicant seek early engagement with Essex Police to help achieve this.**
- 7.9.10. Each Travelling Showperson site should have a site office provided on-site, where a site manager can be based and residents on site can reasonably access. **The Site Office would serve as a hub for residents to report and discuss issues and where appropriate accommodate site health, safety and wellbeing sessions.** It is expected that the site owners/other residents of the site would collectively own and manage the office building. Planning conditions will be put in place to retain the use as a site office for site management in perpetuity.

- 7.101. To promote safety and security on site, consideration must be given towards the design, layout, and positioning of the site office. This site office must be situated within a suitable distance of the residential plots to provide security to the site without being intrusive and should be clearly visible to visitors entering the site. The site office must be designed to ensure it is easily accessible to all residents on site, and suitably accommodate all abilities and stages of life.
- 7.142. A site office must have connections to all on-site services. As a minimum, the building must include a WC with sink basin, kitchen, and lounge area.
- 7.123. For fire safety, the amenity building, site office, maintenance/storage workshop and any other storage units should be constructed from non-combustible materials such as masonry brick. **Strict adherence to the Fire Safety Order and relevant Building Regulations will be sought and it is recommended that the applicant seek early engagement with the Essex County Fire & Rescue Service.**

8. Amenity Green Spaces

- 8.1. Local Plan Appendix B sets the Council's expectation that all new homes provide easy access to private or communal garden space and that this space be provided to a high standard.
- 8.2. The principle behind this requirement is applicable to the traveling community also. Access to green space can serve as a space for relaxation, for play, for socialising, and for connecting with nature, all of which help to promote wellbeing.
- 8.3. Provision of amenity green space should be made on Travelling Showperson sites in accordance with Table 1 below.

Table 1: Amenity Space Provision on Travelling Showperson Plots

Private/Communal Amenity Green Space	Form	Amount
Where amenity green space can be delivered on plot	<ul style="list-style-type: none"> Grassy and/or woodland space without hardstanding. Within boundary of plot. Not accessible to motorised vehicles. 	<ul style="list-style-type: none"> 80m² minimum private green amenity space
Where amenity green space cannot be delivered in full on plot*	<ul style="list-style-type: none"> Demarcated private zone on each plot capable of use as a clothes drying area. Within boundary of plot. Not accessible to motorised vehicles 	<ul style="list-style-type: none"> 10m² minimum demarcated private zone
	<ul style="list-style-type: none"> Communal space, overlooked by other plots on site to promote safety through surveillance. Within site boundary Grassy and/or woodland space without hardstanding - with exception being the presence of children's play equipment if appropriate. Not accessible to motorised vehicles. 	<ul style="list-style-type: none"> 20m² minimum per-plot communal green amenity space (100m² minimum in total).

*both demarcated private zone AND communal space to be provided in this instance

8.4. Spaces need to feel safe and be accessible to all intended users. It is advisable to consider the boundary treatment of the amenity green space provision to protect its users – particularly children – from the surrounding vehicular traffic.

8.5. Members of this travelling community may keep domestic animals. The design of amenity green space therefore needs to offer flexibility to safely accommodate these animals on site.

9. Indicative Layout Designs

9.1. Though not prescriptive, the following figures provide indicative layout designs of Travelling Showpeople sites that would be acceptable.

Figure 1: Indicative Travelling Showperson site example layout with separate provisions

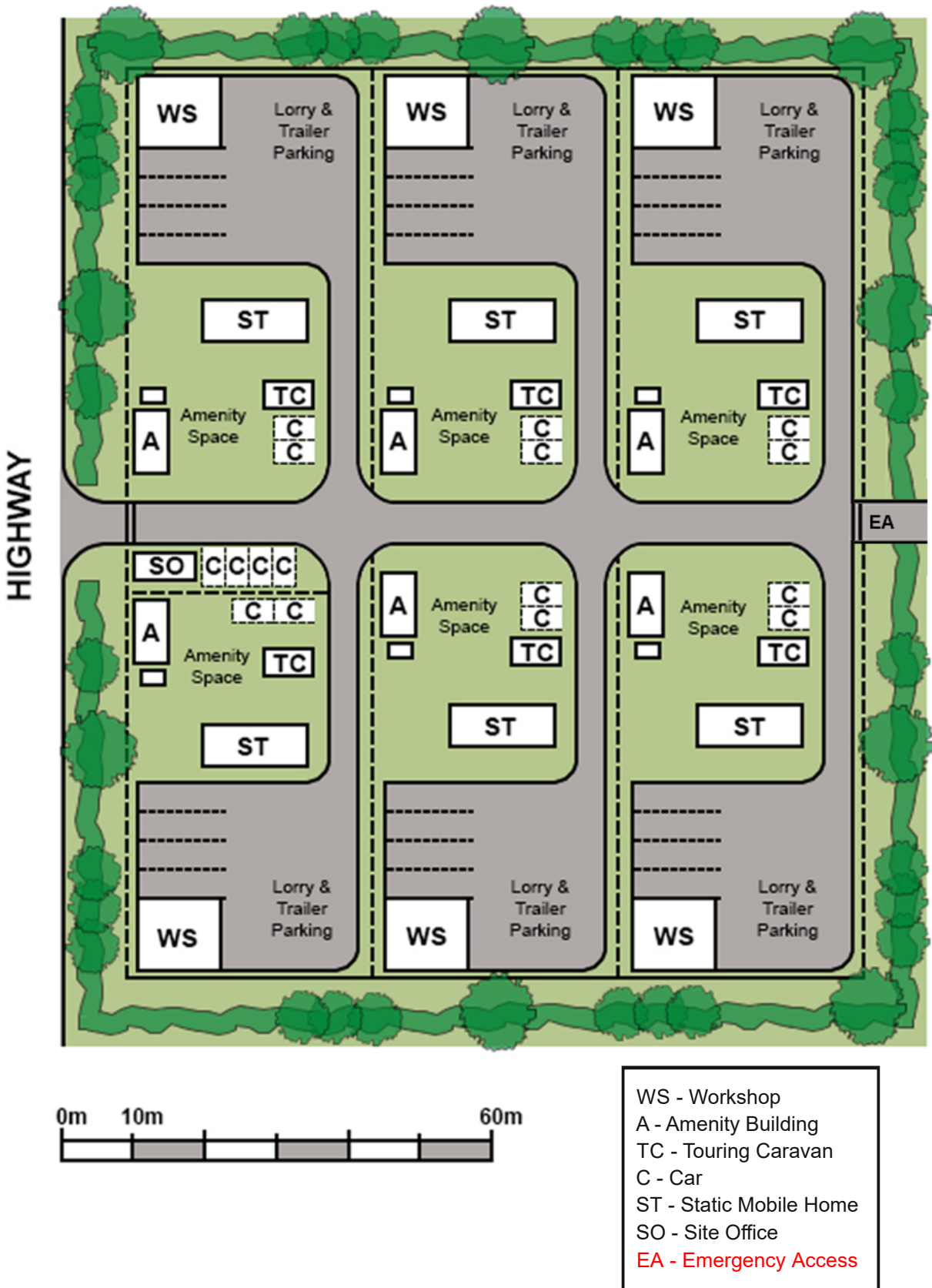
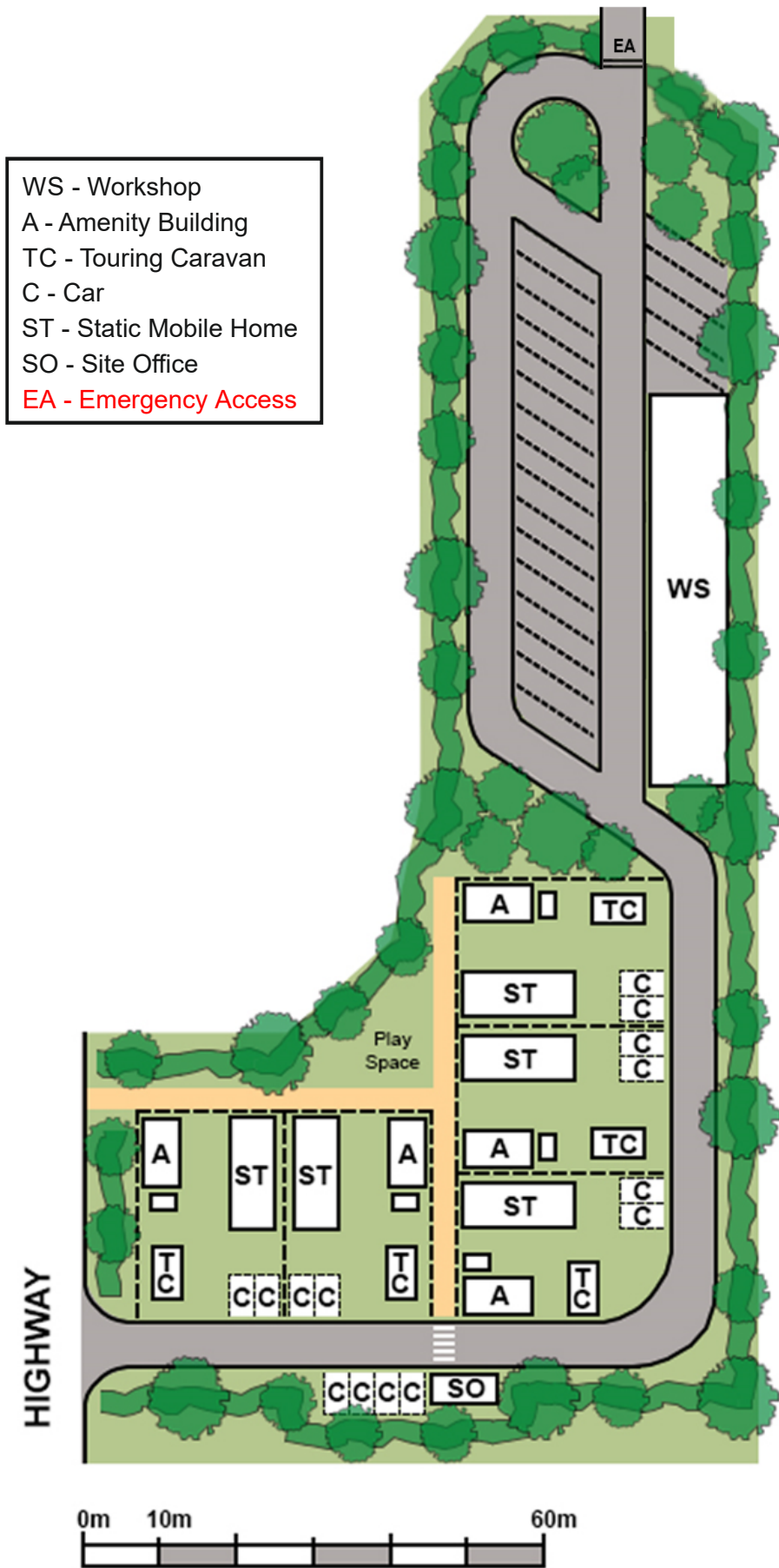


Figure 2: Indicative Travelling Showperson site example layout with shared provisions



10. Planning Stages

- 10.1. Development of a new Travelling Showperson site must be in accordance with Local Plan Policy DM3 (and other relevant Local Plan policies) and requires the submission of a Travelling Showpeople Site Scheme, to be approved in writing by the Council.
- 10.2. The Travelling Showpeople Scheme (with plans/drawings as appropriate) must detail:
 - The location of the proposed Travelling Showpeople Site
 - The layout and configuration of each plot
 - Parking provision
 - Areas set aside for storage and maintenance of equipment
 - Provision for the supply of on-site services
 - Landscaping
 - Any ancillary buildings
 - Boundary treatment and screening
 - Highway access
 - The mechanism for agreeing the market value in respect of the Travelling Showpeople Site which shall be applicable to any marketing and transfer of the Completed Travelling Showpeople Site
 - **Site Management Strategy**
 - Any other details that the Council may reasonably require to be included
- 10.3. **To understand the existing identified Travelling Showperson accommodation need and specific highways requirements, it is recommended that the applicant seek early engagement with Chelmsford City Council (as the local planning authority) and Essex County Council (as the highways authority) respectively.**
- 10.34. Where Travelling Showperson sites are allocated as part of a wider strategic site, certainty surrounding Local Plan Policy compliancy and elements of the Scheme will also be required at earlier stages of the planning process as set out in the following flow chart.

Step 1 - Masterplan Submission

All potential Travelling Showpeople sites are indicated on a site plan with high level consideration given to:

- Size of site and number of plots to be provided
- Identification of any protected natural feature on site
- Impact upon character of the area, historic or natural environment assets, and flood risk



Step 2 - Outline Planning Application

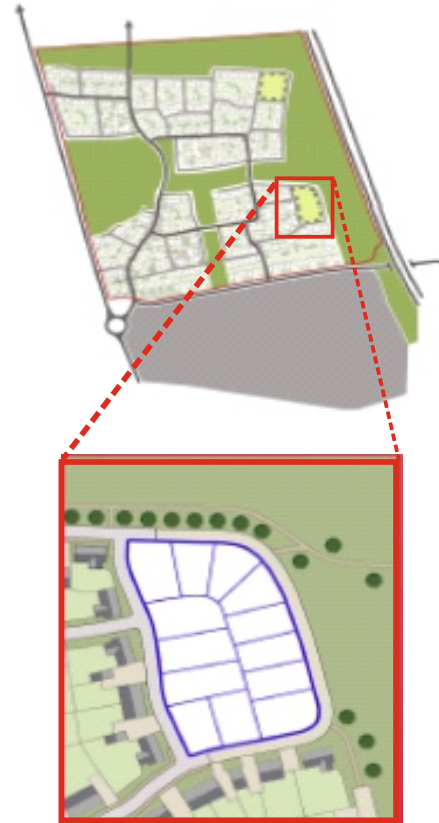
All Travelling Showpeople sites are shown on an indicative layout plan and relative parameter plans. A S106 agreement will secure the delivery of Traveller Showperson plots. Detailed consideration is to be given to:

- Vehicle access into the site and connectivity to the highway network
- Provision for the supply of all on-site services into the site boundary
- Provision of adequate community services and facilities within reasonable travelling distance to the site
- Plot boundaries



Step 3 - Reserved Matters Application

Full Travelling Showpeople Site Scheme to be submitted. This should include plans detailing the site location, plot layouts and siting of hardstanding, buildings and other provisions on-site.



11. Section 106

- 11.1. ~~For development of Travelling Showpeople sites,~~ **To ensure that Travelling Showperson Sites are delivered in a way that meets local need,** the Council will seek to secure a Section 106 obligation to set out the number of plots, tenure, uses on site, mechanism for determining the 'market value' of the site and the prioritisation mechanism of the Traveller Showperson accommodation to be provided in perpetuity.
- 11.2. The prioritisation mechanism will ensure that each Travelling Showperson plot shall only be occupied by persons who satisfy that they are part of a Travelling Showperson household, they (or one of them if the household consists of more than one person) are aged 18 or over, ~~have a Travelling Showpeople Local Connection,~~ and can adhere to the 'Plot Eligibility & Allocation Prioritisation Policy for Travelling Showpeople' as enforced at the time.
- 11.3. Where the Travelling Showperson site is part of a wider strategic development, the Section 106 will seek to secure that Travelling Showperson provision will be constructed in accordance with the approved Travelling Showpeople Site Scheme and the terms of the Planning Permission/Reserved Matters approval before occupation of 50% of the market housing provision.



Chelmsford City Council Cabinet

30th January 2024

Budget Report 2024/25

Report by:
Leader of the Council

Officer Contact:

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

Purpose

The primary purpose is to make recommendations to Council for the 2024/25 Revenue and Capital Budgets, including the level of 2024/25 Council Tax for Chelmsford City Council.

Options

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

Preferred option and reasons

Recommend the report to Council for consideration so meeting statutory obligations.

Recommendations

- 1 That Cabinet recommends to Council the contents of Appendix 1, the budget report, being:
 - i. The new Capital investments in Council Services shown in **Section 5**
 - ii. The delegations to undertake the new capital schemes identified in **Section 5**, Tables 13 and 13a.
 - iii. The Revenue Budgets in **Section 10** and Capital Budgets in **Section 11**

- iv. An increase in the average Band D level of Council Tax for the City Council to £221.52, the maximum allowed before a referendum, in **Section 9**
 - v. The movement in reserves shown in **Section 7**
 - vi. The Budget forecast in **Section 7** and in **Section 8** the s151 officer's review of the budget, which Members are required to note.
 - vii. Special expenses, Parish and Town Councils' precepts as identified in **Section 9**, Table 22 (Parish precepts are not available until Full Council).
 - viii. Delegation to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2024/25 within the normal financial delegations.
- 2 That Cabinet approves:
- i. A delegation to the S151 Officer to update the budget report for Parish precepts, changes to final Government settlement, Business Rate Retention income following completion of NNDR1 statutory return to Government, and Parish precepts after consultation with the Leader of the Council.
 - ii. A delegation to S151 officer to prepare a legal resolution for submission to Council for consideration after consultation with the Leader of the Council.

1. Background

1.1. Each year, Cabinet is required to make a proposal to Council to agree:

- Chelmsford City Council Tax rates; and
- Revenue and Capital budgets for the next financial year.

This report contains such proposals for a budget for 2024/25. Full details of the budget are in Appendix 1.

2. Executive Summary

2.1. The budget report in Appendix 1 provides the funding for core Council services, which supports the aims of Our Chelmsford, Our Plan.

2.2. Government Funding in **Section 2**. The report is based on the Government's provisional funding settlement. Should the settlement be amended after Cabinet the S151 Officer in consultation with the Leader of the Council is delegated to amend the papers for Council.

2.3. The savings and income changes are shown in **Section 4**. This section shows any changes in service provision.

2.4. New Capital Service Investment as shown in **Section 5**.

2.5. Council Tax proposal. The Government rules allow Chelmsford City Council to raise Council tax by up to 3% or £5.00, whichever is greater, without triggering a local referendum. It is proposed to increase the City Council's Council Tax by 2.99% or just under 12 pence per week (£6.44 per year) in 2024/25, which reflects the long-standing practice of increasing Council Tax in line with the assumptions the Government makes when allocating funding to local government.

2.6. A review of reserves is set out in **Section 7**, with reference to the S151 officer's recommendations in **section 8**.

The report identifies that the financial outlook has become increasingly challenging due to the Housing crisis which has required an additional £3.7m budget provision primarily for increased temporary accommodation.

2.7. The report includes special expenses and their effect on the overall Council Tax levels in **Section 9** of Appendix 1. However, the precepts from Parishes, Essex Police, Fire and Crime Commissioner and Essex County Council will not be agreed until after Cabinet.

3. Conclusion

3.1. Cabinet is asked to review the Budget Report and agree to the recommendations.

3.2. The financial outlook continues to deteriorate as cost pressures mount, efficiencies become more difficult to achieve and income including Government funding and Council tax increases do not match the increased cost faced by the Council.

3.3. The 2024/25 budget is legally balanced. However, reserves have had to be used to fund ongoing services costs. Though not sustainable in the long-term, this is appropriate given uncertainty over how entrenched spending pressures are and the general election meaning government funding remains very uncertain beyond 2024/25.

List of appendices:

Appendix 1 – Budget Report 2024/25

Background papers:

Nil

Corporate Implications

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

Financial: As detailed in the report

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

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

Personnel:

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Within the Budget, employee costs are the largest single expenditure. The limited financial resources and increasing inflationary pressures will make it difficult to maintain existing staffing levels.

Risk Management:

A review of the risks is identified.

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

N/A

Consultees:

Relevant Policies and Strategies:

Capital, Investment and Treasury Management Strategies
2024/25



Budget report 2024/25

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Section 1 Introduction to the Council's 2024/25 Budget

Chelmsford has the most challenging budget position it has ever faced. But it is not alone in facing such a challenge.

The years 2024/25 and 2025/26 represent a pivotal moment for the finances of this and every other council. Revenue and capital budgets are being severely challenged by significant adverse factors. The main problems are:

1. **Historically high inflation impacts on the Council's costs.**
 - CPI has been around 3.9% over the last 12 months and 10.7% the 12 months before that.
 - Council energy costs have risen from £1.3m in 2021/22 to £3m in 2024/25
2. **Significantly increased demand and higher costs of Homelessness services.**
 - The number of Households the Council has been required to house in temporary accommodation has risen since March 2021 from 243 to some 471 in November 2023 and is forecast to increase to 620 by March 2025.
 - The cost of each household placed in temporary accommodation is increasing. Since March 2023, the average case has risen from £8.5k to £10.6k per year. However, the cost of each new case is around £13k so the average cost per case can be expected to continue to rise.
 - Government funding via Homeless prevention grant is expected to be some £311k higher than the 2023/24 budgeted level, but this is still not confirmed. This will only help slightly, as the Council's budget will rise by £3.7m for Homelessness costs.
3. **Insufficient Government support**
 - Chelmsford's revenue core funding from Government is £11m per year less now than 2010/11 if it had kept up with inflation.
 - For the City Council, the Government's core funding settlement for 2023/24 provided an additional £390k (5%), and for 2024/25, £449k (6.1%) in cash grants.
4. **Capital Funding**
 - Capital resources are scarcer due to economic conditions. Community Infrastructure Levy (CIL) and capital receipts are both being impacted by the slower economy.
 - The budget and forecasts include the impact of financing Chelmer Waterside (loss of interest on CIL spent) but cannot yet include the beneficial income or capital receipts on the long-term development. The budget forecasts are likely to improve as the scheme moves forward.
 - The long-term cost of financing the capital programme has increased as the cost of borrowing has increased significantly from 1.2% in November 2021 to 5.7% in November 2023, though market rates have started to fall, and that trend is assumed within the budget.

October Cabinet received a report on the City Council's finances. The report identified nationally that many authorities are in much greater financial distress, and almost weekly there are new reports of Councils facing imminent financial failure (S114 notice).

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Financial monitoring for the current year **2023/24** was undertaken for Cabinet members in December 2023 and provides evidence of the financial pressures facing the Council. In summary, these pressures are:

- A local pay award, being an ongoing pay award of a minimum of £1,425 or 4% plus one-off payments dependant on employee grade. This results in a cost of £1.27m for the one-off payments and an ongoing cost of £0.39m. It should be noted that the local pay offer was lower than the National local government pay award.
- Projected overspend on Temporary accommodation and Housing services of £1.7m.
- Gain of £1.4m from interest earnings. This is not expected to be ongoing as Council cash is being spent to fund the capital programme in 2023/24 and later years.
- Business rate retention income (Government allows Councils to retain a share of business rate income growth). The Council budget is cautiously only using £0.5m to support ongoing expenditure in 2023/24. Actual retention income is likely to be circa £3m in 2023/24. Any surplus above £0.5m in 2023/24 will be retained in a specific reserve. This will provide a specific contingency for 2024/25 and onwards when the budget proposal assumes some £2.25m of Business rate Retention is available to support ongoing revenue budgets. This reserve is necessary given the risks surrounding estimating for business rate income and is discussed later in the report. In past years, this income would have been a windfall to offset unexpected overspends in a year or set aside to fund capital.

The projected year-end position for 2023/24 suggests that, since February Council, additional expenditure of £2.4m will be funded from the general reserve. There is an expected net reduction in the use of earmarked reserves to fund service costs of £0.9m mostly due to lower than anticipated energy costs.

2024/25 Budget

Chelmsford has the most challenging budget position it has ever faced. The years 2024/25 and 2025/26 represent a pivotal moment for the City Council's finances. Without a mix of, increased funding from Government, a fall in energy costs, lower cost/demand for services; especially homelessness, or large increases in fees and charges, difficult decisions regarding service provision will be needed.

The overall 2024/25 budget can be explained by reference to changes compared to the approved 2023/24 budget. The table below shows cost increases or loss of income as positive figures and negative figures are income gains or reduced costs. When the table mentions reserves, positive figures are less use of reserves and negative figures are increased use in reserves.

Table 1

Budget Gap Budget 2024/25 and Forecast (change from preceding year)				
	See Report Section	Budget 2024/25 £000s	New Forecast 2025/26 £000s	New Forecast 2026/27 £000s
Summary Variances				
Cost - inflation & pressures	Sec 3, pg16, tbl6	1,732	1,557	1,646
Housing Temporary Accommodation	Sec 3, pg14, tbl4	3,720	1,510	1,350
Other	Sec 3, pg18, tbl8	496	450	450
Variations in One off /Temporary items	Sec3, pg19, tbl9	641	-658	-467
Capital Financing	Sec6, pg32, tbl15	966	1,371	547
Budget Gap before Funding		7,555	4,230	3,526
Funding Available to Meet Gap				
Savings	Sec4, pg20, tbl12	-1,039	-19	0
Income - Fees and Charges yield and demand	Sec 4, pg20, tbl10	-2,199	-790	-810
Business Rate Retention - estimated higher ir	Sec 2, pg12	-1,750	0	0
Assumed higher Government funding	Sec 2 pg13	-760	-156	-160
Council tax increase	Sec 9, pg47	-627	-644	-658
Council Tax deficit or Surplus	Sec 9, pg47	-37	-156	0
Reserve changes - Additional use/ + less use	Sec 7, pg37,tbl18	-1,143	2,950	406
Annualised Budget Gap forecast		0	5,415	2,304
Net Gap If prior year not balanced		0	5,415	7,719

The budget gap for 2024/25 has not been fully funded by budget reductions and new income, so £1.24m of unearmarked general balance reserve is being used to make good the unresolved budget gap in 2024/25. This means that the £1.24m unfunded 2024/25 shortfall is carried forward and the deficit in 2025/26 is £1.24m higher as a result at £5.415m.

The use of reserves is not sustainable in the long term as reserves are finite. However, it is too early to implement all the financial measures needed to move the budget onto a sustainable footing. One reason to wait is the imminent general election, which means that decisions on funding for the medium term have not been made by Government. The use of reserves to balance the budget is Government recommended advice. Also, and perhaps more importantly, the Council needs time to:

- fully determine if the cost of homelessness will rise as high as predicted,

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- plan robust solutions with the least impact on residents. This will likely include actions to reduce as much as is possible the growth in the cost of homelessness services and minimise capital spend further.

Summary of actions

The actions recommended in this report to balance the 2024/25 budget are a mix of:

- Use of reserves to meet temporary costs and income losses from tenancies ending at rental properties; Visteon and Eagle House £1m.
- Use of reserves to meet ongoing costs £1.24m, during 2024/25.
- Increasing the use of Business Rate Retention Income to support ongoing expenditure in 2024/25 from £0.5m to £2.25m. Any surplus in 2023 Retention income in 2023/24 estimated to be circa £3m is to be set aside as specific contingency. There is a risk that this source of funding could be reduced by Government after 2024/25.
- A review of the Capital programme has deferred some £14m of expenditure resulting in a revenue cost avoidance of £0.5m (Section 11 Table 26).
- Fees and charges for some services are increasing by more than 3%; the total extra income from all charge increases is £1.9m (section 4).
- Efficiencies and some service reductions (section 4): £1m.
- Maximum permissible Council tax increase equivalent to £6.44 on a Band D (after allowing for rounding) in line with the Government funding assumptions.
- A financial plan will be produced to move the Council's budget on to a sustainable footing during 2024/25.
- Continuing to lobby Government for appropriate levels of funding.

Medium and Long-term Financial Strategy

The Council's Medium Term Financial Strategy published in 2024 and the 2025/26 budget will set out the long-term actions necessary to bring the Council's finances onto a more sustainable course.

The protection of service provision to the public will remain the priority.

Report contents

This Report is split into sections to explain how the budget for 2024/25 was balanced, the risks, and the outlook. The report also updates the capital programme.

Section 2 identifies the main Government funding sources for 2024/25.

Section 3: Inflation and Financial Pressures. This provides more detail on the budget variances.

Section 4: Increased Charges and Budget Reductions. This provides an overview of some of the actions necessary to fund the cost pressures and inflation.

Section 5: identifies the new investments in services that are funded by capital resources in the 2024/25 budget proposals.

Sections 6 to 8 identify the medium- to long-term financial planning issues that the Council needs to consider, including reserves.

The Local Government Act 2003 includes a specific personal duty on the Chief Financial Officer (CFO) (also known as S151 officer) to make a report to the authority when it is considering its

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budget and Council Tax for the forthcoming year. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act, 'reserves' include 'general balances.')

The Act requires the Council to have regard to the report in making its decisions. The report is contained in **Section 8**.

Section 9 identifies the detail of the Council Tax proposals and the associated legal matters, including meeting the legal requirement to declare a Business Rate Surplus or Deficit. The budget includes proposals to increase an average band D Council Tax by £6.44 per year after allowing for rounding of Council Tax bills into ninths.

Sections 10 & 11 contain the budgets for revenue services and the capital programme.

**Section 2
Government Funding**

The Council has been provided with a provisional Government funding settlement for 2024/25.

The Government has, for around 6 years, been advising that it will amend funding allocations to all councils by changing the national formulas. Those changes are now deferred until after the general election but, as it will be necessary to consult on any material changes, it is likely that significant changes will not occur for a further 2-3 years.

The 2024/25 settlement is like 2023/24 in that the overall outcome is determined by the Government’s measure of local authority funding, ‘Core Spending Power’ (CSP). The definition of CSP is best shown via a table setting out the components. Effectively, it takes the sum of the main funding streams and adds in assumed Council tax income. The result is intended to reflect the overall resources available to fund the Council. Increases in CSP should, according to the Government, capture a more rounded picture of the financial position of an authority.

Table 2 shows total Core Spending Power and the yellow is the cash grants from Government within Core Spending Power.

Funding Streams (Non-ring fenced)	23/24	24/25 provisional	2023/24	2024/25	Extra cash grant to fund ongoing budget
	£ms	£ms	Government Cash Funding £ms	Government Cash Funding £ms	
Business Rates -Settlement funding assessment	3.71	3.89	3.71	3.89	0.18
Compensation for under indexing the business rates	0.60	0.69	0.60	0.69	0.09
Council Tax Requirement excluding parish precepts	15.22	15.91			
New Homes Bonus	0.94	1.59	0.94	1.59	0.65
Service grant	0.13	0.02	0.13	0.02	-0.11
Funding Guarantee grant	1.97	1.61	1.97	1.61	-0.36
Core spending Power	22.57	23.71	7.35	7.80	0.45
Increase in Core spending Power		5.05%		Cash increase	6.1%
Cash funding from Government	7.35	7.80			

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The City Council, because of the mechanism for CSP minimum increase guarantee, has seen a cash gain of £0.45m in 2024/25; a 6.1% increase. Government settlement provide nationally a minimum of 3%.

A short description of each element of the funding is below:

- A. Business rates – Settlement Funding Assessment (£3.71m) – The amount is determined by a needs assessment which includes estimates of local resources such as council tax, population, and other local data. It includes the Revenue Support Grant (RSG) which was a key funding stream prior to 2010. It is fully funded from Business Rates pooled centrally by the Government. The Council collects some £80m of business rates.
- B. Compensation for under-indexing the business rate multiplier (Section 31 Grants) (£0.6m) – The complexity of the Business Rates Retention Scheme has led to grants being paid to local authorities for initiatives by Government such as freezing business rates rather than increasing them in line with inflation.
- C. Council Tax Requirement excluding parish precepts – This is not a government grant, but instead the amount of Council Tax the Government assumes the City will generate allowing for a 3% increase in Council tax and their estimate of the 2024/25 Council Tax base. It should be noted that this is based on the Government estimate rather than the Council's.
- D. New Homes Bonus – This is a grant paid by central government to local authorities. It aims to reward councils for each additional home added to the council tax base, including newly built properties and conversions as well as long-term empty properties brought back into use, after allowing for certain deductions such as demolitions. An additional sum is paid for each new affordable home built. The scheme, as previously reported, has, over its life, been made less generous. New payments are now only receivable for one year rather than the previous four years.
- E. 2024/25 Services Grant – This is provided to ensure that no local authorities have a reduction in CSP in 2024/25.
- F. Funding Guarantee – This again is to ensure local authorities get at least the minimum increase in CSP of 3%.

Retained Business Rate Growth (Above Baseline Funding)

This is not part of the Core Spending Power calculation. Under this scheme, the Government allows local authorities to share some of the growth in Business rate income in their area. Gains and losses can occur in year but do not impact on the Council's finances for up to 2 years. The actual estimate for business rate income for the following year can only be made in late January each year due to the scheme rules. The January Cabinet report on the budget is therefore based on assumptions for business rate retention that will be revised for February Council. The Government has previously suggested that the scheme would be reset imminently with potential loss of funding.

The estimation of the gains or losses has proven difficult due to the scheme rules and property revaluations for 2024/25. The 2023/24 budget contained a cautious £0.5m of service expenditure funded from the scheme, however monitoring suggests that the Council may benefit from an additional up to £3.0m of income. Any additional income realised at year end above the £0.5m will be retained in the business rate retention reserve. It will provide a contingency for fluctuations in future business rate income. This is essential as the 2024/25 budget proposals assume that £2.25m of business rate retention is used to support ongoing expenditure. Current estimates suggest that circa £2-3m of business rate retention income is possible for 2024/25. Any changes to income projections will be managed by use of the Business Rate retention Reserve.

Government policy on councils using reserves.

As part of the settlement, the government has also made clear for the second year that it envisages councils using reserves to fund services in the face of cost inflation. The City Council already recognised in its budget planning that, due to the extent of cost increases, it is appropriate and necessary to use reserves in the 2024/25 budget, but only as a temporary measure.

Homelessness Prevention Grant

The grant is ringfenced to give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness. The Government expects local authorities to use it to deliver the following priorities:

- Embed the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness.
- Reduce the number of families in temporary accommodation by maximising family homelessness prevention.
- Reduce the use of bed and breakfast accommodation for families and eliminate family B&B placements beyond the statutory six-week limit.

At the time of drafting, the Government has not announced final allocations to authorities. It should be noted that, in the last few years, additional grant funding has been announced and provided in-year, outside the normal process. The budget for 2024/25 has allowed for £1.2m of Prevention grant in line with what we have received to date in 2023/24, but an increase over the 2023/24 budget of £311k.

The total Government cash funding increase is £760k, made up of £449k central funding and £311k homeless prevention grant.

Future Funding

The general election means there is little certainty over funding. However, as noted earlier in the report, changes to local authority funding will require consultation and are complex. It seems likely that current funding mechanisms will be used in 2025/26, with increases of circa 2% per year (£160k). However, extra funding remains a possibility.

There remains a risk of the Business Rate Retention scheme being 'reset' by Government, which could result in loss of funding to the budget of £2.25m

Based on current expectations of growth in homelessness costs at the City Council, a more generous funding arrangement for Temporary Accommodation is the most critical change needed.

Section 3
Inflation and Financial Pressures

This section details the main cost pressures identified when creating the 2024/25 budget.

Housing costs

District and unitary Councils have a legal duty to provide housing to those who meet a statutory definition of homelessness. The numbers meeting this definition and the shortage of affordable accommodation means more households are staying in Council-sourced temporary accommodation (TA) for longer periods. The cost of this TA per case is also rising, new cases were in November 2023 costing the Council on average £13k per year.

Table 3
Example of Subsidy Loss Temporary Accommodation one case

	£s
Rent cost of average TA case	£20,020
Less: Housing Benefit funded	<u>-£7,020</u>
Net Annual Average cost to Council	£13,000

The shortfall in funding is caused by the Government’s policy to fund Temporary accommodation costs using the lowest 30th percentile rents from 2011, known as the Local Housing Allowance (LHA). To make matters worse for Chelmsford, the LHA rate includes areas that are cheaper to rent than Chelmsford, but the City Council is legally obliged to place households in areas where the claimant has a local connection which, in most cases, is not one of those cheaper areas. As case numbers have risen so too have housing rents, so the cost of provision is becoming increasingly unaffordable to the City Council. This financial pressure is being seen in many district and unitary authorities nationally. It is often quoted as a reason that some Councils are facing imminent s114 notices. The cost would be £0.8m lower if the Government funded the Council at current Local Housing Authority rent rates rather than 2011 levels.

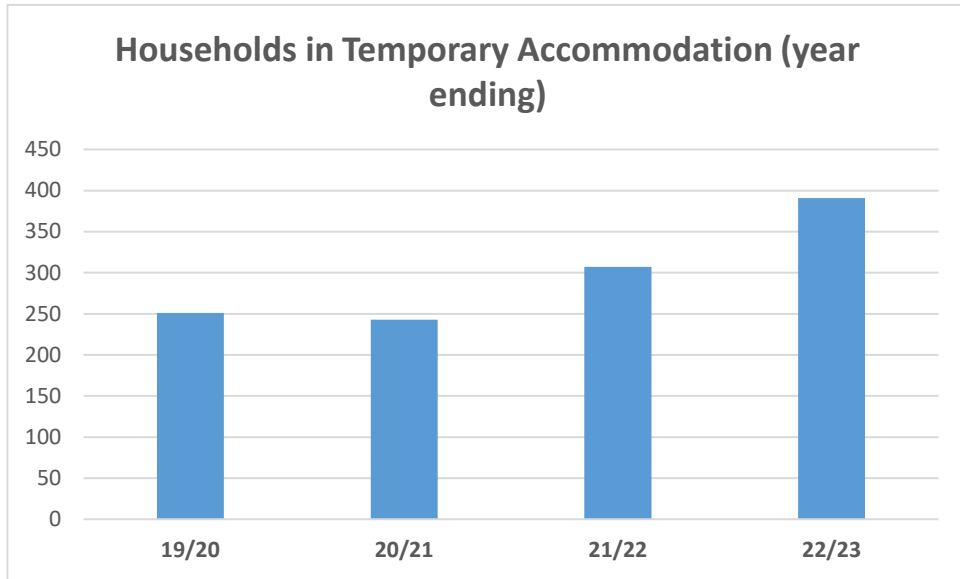
Table 4 below identifies £3.7m being added to the 2024/25 budget for homelessness costs. Of the £3.7m, some £1.7m relates to growth in caseload (and cost) in 2023/24 and the balance, £2m, is the expected growth in caseload and cost in 2024/25.

Table 4	
Variation in Housing Services (Temporary Accommodation)	£000s
Case load and Subsidy Loss	3,200
Repairs, bad debts, and other running costs	445
Housing Posts (net of external funding)	75
	3,720

The numbers in temporary accommodation are difficult to predict. Housing officers have made projections based on expected new cases, less assumptions of people being moved into existing social housing and newly constructed social housing, plus allowing for other reasons for people to leave temporary accommodations such as a discharge into private tenancy or the household finding their own accommodation.

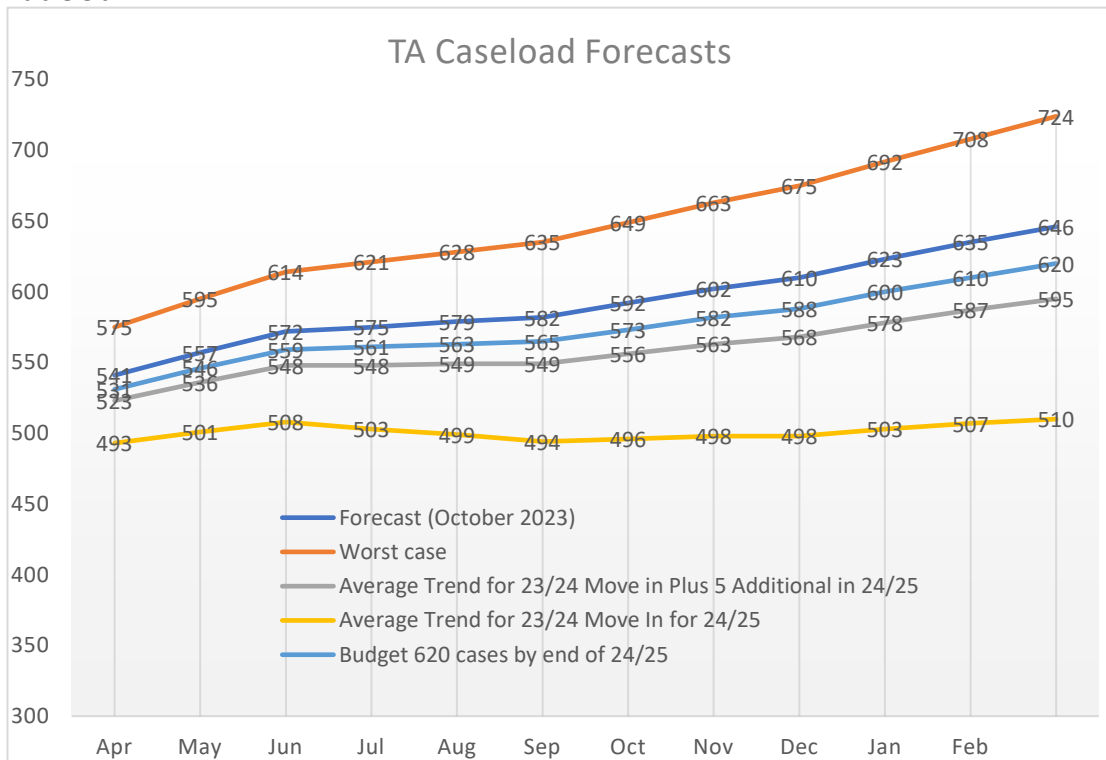
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Table 5a Actual Households in Temporary Accommodation



The graph below shows the forecast range of outcomes thought likely for 2024/25.

Table 5b



The Budget for homelessness costs has been set on the assumption of an increase from 464 cases at the end of November to 620 by the end of March 2025. This assumption is made using a risk (subjective) assessed projection.

To arrive at the budget for 2024/25, an estimate of cost per Temporary Accommodation case is needed. The largest part of the cost per case is what is known as subsidy loss. As identified in Table 3, the Government does not fund the full cost of housing benefits of residents in TA (specifically properties not owned by the Council). An average rate of £12k for cases has been used in the 2024/25 budget.

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There are additional costs of managing TA, which include repair costs in some properties and bad debts on rent and service charge collection. These costs will be higher for TA than normal property management. These budgets have increased by £445k.

The increased pressures on the Housing service also require additional investment in staffing. Some £240k has been added in for new officers, however, some funding which is likely to be temporary from Government reduces the net cost to £75k in 2024/25.

A review of housing processes is currently taking place, which may provide scope for cost reductions later.

There is significant risk that the Housing estimates for 2024/25 and later years will be, in absolute financial terms, inaccurate, but the approaches taken to arrive at the budget are the best available. Given the wide range of possible outcomes, it is theoretically possible for the estimate to be significantly too low or high. Current indications are that the risks are likely to be more favourable than adverse.

Cost Pressures and Inflation

The cost pressures the Council is facing are detailed in **Table 6** below. Narrations on the significant items are set out in the text after the table.

Table 6 Cost Pressures 2024/25 (variations + adverse/-favourable from 2023/24 budget)

	Budget 2024/25 £000s
<u>Variations Cost of Inflation & Cost Pressures</u>	
Pay Inflation 3% (and Members)	1,110
Pay Inflation for 2023/24 (element that is over 2023/24 budget)	386
Other staffing - including increment and grade changes	141
NDR Inflation 6.7%	189
Increased cost of HVO fuel (price increase)	152
Waste and recycling - cost pressures	194
Software licences	142
Housing Benefits Subsidy (non-TA)	120
Legal Recruitment	109
Other Inflation	37
City Growth	64
Housing Standards staffing	90
Parks - cost pressures	48
Benefits Recruitment	50
NDR revaluation transitional change	34
Utilities Budget change (before use of reserves)	-854
Fuel Budget change (before use of reserves)	-280
	1,732

Notes to Cost Pressures Table 6 above

The Council is a complex organisation with many different activities undertaken. Each activity will experience different rates of inflation and demand pressures. For the sake of clarity, only the major cost factors are identified in this budget paper. An explanation of the variances in **Table 6** over £0.1m is below.

- 1) Pay (inflation) Additional Cost:** The Council's largest cost is staff, some £41m per year, so annual pay increases are normally the Council's largest inflationary pressure. In the period 2010/11 to 2021/22 ongoing pay increases have averaged 1.24% per annum whilst inflation (CPI) has averaged 2.09% (RPI 2.99%). This means that pay increased by 15.9% over that period compared to 23.5% for CPI inflation.

The 2022/23 pay award provided staff with increases of between 2.5% and 10%, with the lowest paid getting the largest percentage increases. This came at an additional unbudgeted cost of £1.5m.

The impact of the 2022/23 pay award on those long-term trends is that the average pay increase becomes 1.67% compared to an average CPI inflation of 2.62% (compounded 23.8% pay v 34.6% CPI over the same period).

The City Council 2023/24 pay award was a minimum of £1,425 or 4%, plus a one-off lump sum of either £1,500 for the majority of staff or a lesser payment of £1,000 for those over grade 12 (effectively senior managers and directors). The budget had assumed a 4% average increase, and as a result there is an additional cost of £1.27m one-off and £0.39m ongoing. The higher than anticipated pay award was necessary given that the National Living Wage (NLW) increased by nearly 10% and the national local government pay award was a minimum of £1,925 or 3.88%.

For budgetary purposes a 3% pay award has been assumed, however, the actual pay award will have to take into account the financial pressures faced by the Council together with the prevailing economic climate. It should also be noted that the award is likely to be tiered to allow a higher percentage increase to the lowest paid rather than an across the board percentage increase.

The Council is required to consult with Unison before implementing changes to staff pay and conditions. Additionally, national pay bargaining on behalf of local government workers may influence the outcome of local negotiations. It is therefore proposed that the usual delegation be made to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2024/25.

The cost of staff pay can also increase year-on-year without the annual inflation uplift. The Council operates a grade pay structure, with staff progressing up 4 increments in a pay band for their role. This increment award can create an additional budget increase. Additionally, the regrading of posts, a formal process where staff and managers get job descriptions reassessed to ensure they are on the appropriate grade, can create a cost pressure. For 2024/25, these result in a budget pressure of £141k.
- 2) HVO Fuel Additional Cost.** The Council policy of using low carbon fuel requires paying a premium over diesel. A new contract for fuel which will make the supply of HVO fuel more certain has been entered into by the Council. The additional annual cost of the new contract is £152k. The overall cost of the HVO premium is £260k.
- 3) Waste and Recycling additional cost pressures.** The Council's services face different levels of inflation and cost pressures as they deliver different activities. For waste and recycling, the budgets for fleet maintenance, recycling bins and bags have increased due to significantly higher inflation on those supplies.
- 4) Software licences inflation additional cost.** These are multi-year agreements often linked to inflation.
- 5) Housing Benefits additional cost £120k.** The Council acts on the Government's behalf to process Housing benefit claims and payments. The Council does receive incentives in

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certain circumstances and can retain some of recovered overpaid benefits. In 2024/25, the overall change of the is an adverse of £120k.

- 6) **Legal Recruitment** extra cost of £109k per year. There has been difficulty recruiting and retaining legal staff. For the last few years, the service has overspent by hiring interim staff to maintain service delivery. A new structure has been included in the budget that is expected to offer better value for money and will align the budget with actual costs incurred. The additional cost is net £109k after £131k of expected new income.
- 7) **Gas and Electric, saving £854k:** the Council has moved onto a rolling 3 year purchasing contract that should reduce year on year variations in energy costs. Energy has become a major factor in the Council's budget since the start of the war in Ukraine, this is best evidenced in the table below:

Table 7 Energy cost budgets

	Electric £ms	Gas £ms	Total £ms	-reduction /+extra £ms
20/21	0.87	0.27	1.14	
21/22	0.97	0.37	1.34	0.20
22/23	1.66	0.71	2.37	1.03
23/24	2.60	1.32	3.92	1.55
24/25	2.24	0.83	3.07	-0.85

Previous budgets and financial planning assumed continued use in 2024/25 of reserves to support energy costs from an earmarked utility reserve. For 2024/25, the budget now assumes some £0.68k will be drawn from reserves. The Financial forecast for 2025/26 (in section 7) assumes no further use of reserves. This will leave a balance in the utility reserve of £891k to provide some risk management for later years.

- 8) **Vehicle Fuel** reduction in cost £280k. The cost of vehicle fuel is volatile given the current world environment. The Council in the 2023/24 budget established a reserve to manage fluctuations in cost and prevent unnecessary budget reductions needed to fund higher prices. The price of fuel has fallen during 2023/24, vindicating this approach. The budget for 2024/25 reflects current pricing.

Other Costs

There are a number of items of other variations shown below.

Table 8 Variations - Other

	£000s
Contingency	300
T1 Asset software to improve efficiency of asset information/use	133
Director of Sustainable Communities additional cost full time appointment	33
Bank Charges (for payments taken by card)	22
Other	8
	496

A contingency of £300k for additional unplanned expenditure has been placed into the budget for 2024/25 and is funded from reserves. Its use will be via existing supplementary estimate delegations. This is intended to improve the transparency of additional spend approved in the year.

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During 2023/24, a supplementary estimate of £133k ongoing was approved for the purchase of new T1 asset management software and for an additional member of staff in digital services to support its implementation and ongoing management.

Table 9 - Variations in One off and Temporary items

	£000s
Elections in 2023/24 removed from 2024/25 budget	-300
Rent Income loss and vacant commercial property costs	1,011
Pension deficiency in 2023/24 removed from 2024/25 budget	-534
Direct Revenue Financing of Capital	316
Other one-off use of reserves	148
Total One off	641

The Council's financial strategy is to meet one off costs or temporary losses of income from reserves, rather than having to cut services on a short-term basis. This means that, when comparing one year's budget to the next, one-off factors dropping out such as elections or pension deficiency costs show as spend reductions but are offset elsewhere by less use of reserves, so have no impact on the budget gap for any year. **Table 9** shows the variations in spend on one-off items either dropping out or increasing.

The largest short term adverse variance where reserve use is being recommended in 2024/25 is for vacant commercial property. The loss of rent and void costs (e.g. business rates) are £1,230kk in 2024/25. To improve transparency and planning of reserve use, an earmarked reserve is recommended to be established specifically to meet this adverse rent position in 2024/25 and 2025/26. The reserves are discussed in Section 7.

The Council also makes revenue funded contributions to the capital programme. The purpose of this is to reduce borrowing and utilise revenue windfall income in the most effective way. This direct revenue contribution to capital is discussed in Section 6. It is funded from the previously received New Homes Bonus, which has been retained in the Chelmsford Development Reserve.

Much of the "other" reserve variation is funding for temporary posts in property and digital services.

Section 4
Increased Charges, Income and Budget Reductions

Table 10 - Additional Fees and Charges Yield

	£000s
Income from price changes and new charges	-1,629
Planning Charges - increase prescribed by Government	-300
Car Parking Additional Income above budget - more customers	-362
Other Net Income reductions	92
	-2,199

Changes in prices on fees and charges are expected to generate an extra £1.629m in 2024/25. For comparison, a below inflation 3% average increase would have generated some £0.7m. The increased charges are set under delegations and need no further approval. The constitution requires that any changes to fees and charges generating more than £0.2m extra in the budget are identified:

Table 11 Fees and Charges – those generating more than £200k extra in 2024/25

	Average increase (%)	Income generated in total (£000s)
Leisure Income	3-7	390
Car Parks	9.6	480

Budget reductions

The increased costs identified and enhancement to services give rise to a budget gap. To fund some of this shortfall, Directors and Cabinet members have identified cost reductions and income generation plans whose financial impact is shown in **Table 12**.

Table 12 Budget reductions

Nature of Change	Ongoing Saving 24/25 £000s	Post 2025/26 annual Saving £000s
Central Vacancy Factor	-180	-180
Cost saving-Low impact on service provision	-75	-94
Director's hours-reduced capacity	-45	-45
Income Initiative-Low impact on service provision	-253	-253
Income/cost Museum increase commercial activity	-75	-75
Miscellaneous costs-Low impact on service provision	-49	-49
Service change-Reduce frequencies of street cleaning	-95	-95
Staff Cost reduction -Low impact on service provision	-267	-267
Grand Total	-1039	-1058

Section 5 **2024/25 and 2025/26 Service Investment**

This section of the report identifies increases in the 2024/25 and 2025/26 budget which are required to deliver new corporate initiatives, maintain, or improve Council assets, or increase income streams. These investments in services are categorised according to how they are funded.

Revenue Funded Service Investments

There are two types:

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

Given the very difficult budget situation, there are no new revenue service investments in this budget.

Capital Investments in Services

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

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

Council approval is sought annually each February for the Capital Strategy, which provides details of overall funding and capital expenditure plans. A summary of how revenue and capital expenditure are linked is included in **Section 6** of this report.

Approval of New Capital Schemes

Table 13 shows the new capital schemes budgets for which approval is sought and **Table 13a** provides an indication of the impact of the proposals on the revenue budgets.

The impact of the new schemes (**Table 13a**) is forecast as an additional net revenue cost of £121k per year. The overall ongoing cost of financing the capital programme is shown in Section 6. However, the programme and costs will be continuously reviewed in 2024/25 to continually assess affordability and prioritisation.

Table 13

CAPITAL PROGRAMME - New Schemes Identified for Approval								
	Spend Details	2023/24	2024/25	2025/26	2026/27	2027/28	Later Yrs	Total Spend
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
	New Schemes (see table 5 narrative for details)							
1	Theatres' Ultra Short Throw and Long Lens		17					17
2*	Visteon Refurbishment		795					795
3	High Chelmer Multi Storey Car Pk Red Walkway Health & Safety Works		14					14
4	Chelmer Park Enhanced Flood Light System		37					37
5	Fairfield Road Car Park Resurfacing and Re-lining		84					84
6	High Chelmer Multi Storey Car Park Improvement Works		148					148
7	High Chelmer Multi Storey Car Park Waterproofing Levels 11,12,13		850					850
8	Housing Grant to Chess		350					350
9	Civic Centre Ventilation and Roof Works		30					30
10	Hylands House Footpath and Car Park Improved Lighting Scheme			38				38
11	Oaklands Museum Roof Works			63				63
12	Retail Market Canopy Roof Liquid System			90				90
13	South Woodham Ferrers Pool Energy Initiatives and Maintenance Works		335					335
	Sub Total	0	2,660	191	0	0	0	2,851

		2023/24	2024/25	2025/26	2026/27	2027/28	Later	Total
	Funding Details	£000s	£000s	£000s	£000s	£000s	Later Yrs	Spend
							£000s	£000s
	<u>Previously Approved Capital Budget</u>							
7	Capital Budget Previously Approved HCMSCP Decking		-500					-500
14	Capital Budget Previously Approved SWF Pool		-68					-68
	<u>Funding From Revenue</u>							
2	Funding from feasibility reserve - Visteon		-75					-75
	<u>Potential Funding</u>							
2	Contribution from Delapidations Deposit Money Held		-250					-250
5,6	Contribution from South Essex Parking Partnership		-232					-232
13	Sport England Funding South Woodham Ferrers		-267					-267
	Total of New Scheme Proposals After Funding Applied	0	1,268	191	0	0	0	1,459

Any additional funding from the Community Infrastructure Levy (CIL) or S106 that is subsequently identified will be applied and reported at outturn in July 2024.

*Schemes where Delegation Required for Cabinet/Officers to Spend Once Business Cases Received

Table 13A

CAPITAL PROGRAMME - New Schemes Identified for Approval - Revenue Impact of Scheme																Estimated Ongoing Impact on Revenue Budgets at Scheme Completion		
		2023/24		2024/25		2025/26		2026/27		2027/28		2028/29		MRP & Int	Income From Proposal	Ongoing Net Impact		
		Net Capital Cost	MRP	Interest	MRP	Interest	MRP	Interest	MRP	Interest	MRP	Interest	MRP	Interest	£000s	£000s	£000s	
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
1	Theatres' Ultra Short Throw and Long Lens	17			1	1									2	-3	-1	
2	Visteon Refurbishment	470					38	20	40	18	42	16	44	14	58		58	
3	High Chelmer Multi Storey Car Pk Red Walkway Health & Safety Works	14					1	1	1	1	1	1	1	1	2		2	
4	Chelmer Park Enhanced Flood Light System	37					3	2	3	2	4	1	4	1	5	-8	-3	
5	Fairfield Road Car Park Resurfacing and Re-lining	0													0		0	
6	HCMSCP Improvement Wks	0													0		0	
7	HCMSCP Waterproofing Levels 11, 12, 13	350					29	14	30	13	31	12	33	10	43		43	
8	Housing Grant to Chess	350					3	16	3	16	3	16	3	16	19	-19	0	
9	Civic Centre Ventilation and Roof Works	30					3	1	3	1	3	1	3	1	4		4	
10	Hylands House Footpath and Car Park Lighting	38							2	1	2	1	2	1	3		3	
11	Oaklands Museum Roof Works	63							5	3	6	2	6	2	8		8	
12	Retail Market Canopy Roof Liquid System	90							3	4	3	4	3	4	7		7	
13	SWF Pool Energy Initiatives and Maint. Wks	0													0		0	
Total		1,459	0	0	1	1	78	55	91	60	96	55	100	51	151.0	-30	121	
Total Financing Costs			0		2		133		151		151		151				121	
Notes																		
1	The Minimum Revenue Provision (MRP) and interest has been calculated using the estimated life of the asset and PWLB borrowing rates as at 31/03/2023																	
	MRP is charged in the year following either the completion of a scheme or the year in which the expenditure is incurred.																	
2	Actual financing costs will vary depending on prevailing interest rates																	

Table 13b – New Capital Proposals Narratives

Scheme Proposals to Commence in 2024/25

1. Theatres Ultra Short Throw and Long Lens Enhancement £17k

Purchasing these two lenses will allow the service to increase the professionalism of local hirers' performances, meet the requirements for more touring shows, and develop the artistic offer including the annual pantomime for the community. Income will increase by £3k per annum. Overall, this would be a net saving to revenue circa £1k per year.

It is requested that delegated authority is given to the Director of Connected Chelmsford to spend within the approved budgets.

2. Investment Property Visteon-Works Required Prior to Re-letting £795k including a request for £75k Feasibility Budget

This property is let on commercial terms by the City Council. The income helps to fund the services provided by the Council. The property will become vacant in June 2024 and the Council will need to seek new tenants to maintain the income. The advice from the Service Manager is that it will be difficult to re-let the building in its current condition and layout. Refurbishment works are needed prior to re-letting. It is estimated that following completion of the works the building will be fully let from January 2027. The current annual income is £727k.

To assess an accurate cost for the works it is requested that a £75k budget for feasibility works is approved. The feasibility will be undertaken between June and November 2024 with the works commencing in January 2025. The scheme cost budget carries a significant risk of revision and requires further approval once the business case is completed.

Delegation to Cabinet to approve the business case.

3. HCMSCP Red Walkway Health and Safety Works £14k

Chelmsford Retail Market - Internal Walkway from the Car Park Lift Lobby to Cornhill: it is proposed to apply resin coating to the walkway for safety reasons. This will improve the hygiene of the area and provide a safer walkway for pedestrians. The condition of the existing concrete surface is not good and tends to crack and spall in places causing trip hazards. The resin will provide a long-term solution. If nothing is done the condition of the concrete floor will continue to deteriorate and become more difficult and costly to maintain and keep clean. There is also a risk that someone may trip and fall.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

4. Chelmer Park Floodlight Replacement £37k

It is proposed to replace the lamps which are reaching end of life with modern LED lamps which will improve overall energy consumption and to also introduce a new system of lighting which would allow light output to be varied dependent of the type of use (i.e. higher levels of LUX are required for hockey but lower levels for football training) to achieve further energy savings. Options to be reviewed for potential use of CIL/S106 or ringfenced Green Initiatives Funding.

Net Carbon Zero – LED lighting and lower usage. It is difficult to quantify the reduction in energy use but up to 60% can be expected (£7,800 cost reduction from the current 50.4KW to 20.1KW).

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

5. Fairfield Road Car Park Resurfacing and Relining £84k.

The main objective is to make the car park surface safer for car park customers and the general public to use. The current surface is in a poor state and the Council is receiving many enquiries about what action it intends to take, particularly whilst the car park is used by a high number of visitors. There is a further danger that during the winter months water filled potholes may become icy or hidden by snow, making a potential safety hazard. Further erosion will occur in damaged sections without the works.

These works are fully funded by a contribution from the South Essex Parking Partnership (SEPP), so no capital or revenue cost to the Council.

It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.

6. High Chelmer Multi Storey Car Park (HCMSCP) Improvement Works £148k

This proposal is for the Refurbishment of the Stairwells, Lift Lobbies & Walkway. The improvement works required include updating lighting to LED and updating and reinstating signage etc. Energy savings from improvements to the building's infrastructure will also assist with reducing expenditure.

These works are fully funded by a contribution from the South Essex Parking Partnership (SEPP), so no capital or revenue cost to the Council.

Net Carbon Zero – introduction of LED lighting.

It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.

7. HCMSCP Deck Waterproofing Decks 11, 12, 13 Total Cost £850k.

This bid was originally approved by Council in February 2023 and scheduled to be carried out in 2025/26. It has now become apparent that it is necessary to bring this scheme forward to 2024/25 as the water penetration and damage to the anti-carbonisation coating to the deck soffits is getting worse. Given the form of construction (Concrete Frame), it is vital that preventative maintenance to this type of structure is carried out to avoid any defects from appearing on all levels which could potentially affect the structural stability of the car park. Latest quotes for the works also indicate that the budget will need to be increased from £500k to £850k.

It is expected that no loss of custom overall will occur during the works.

Additionally, following a recent condition survey, urgent remedial repairs will need to be carried out in 2023/24 at a cost of £51k to lower levels 1 to 9. The £51k will be funded from revenue.

It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets.

8. Housing Grant £350k

A proposal has been received from CHESS to replace 9 motel bedspaces on a site they own with 24 modular units for vulnerable single homeless people who need support to avoid risk of repeat homelessness. Following a Strategic Gap analysis, requested and funded by DLUHC and Homes England as part of the Single Homelessness Accommodation Programme (SHAP) Homes England, a requirement has been identified for this type of housing. No other providers have come forward to address the needs identified in the Gap Analysis. The proposed development would provide a more affordable source of temporary accommodation with dedicated support avoiding the use of less suitable B&B and nightly lets which is not suitable for single people often with complex needs. This would provide additional supported housing with nomination rights for the Council that could be used as an alternative to council provided temporary accommodation which is needed to meet our statutory housing duties. Homes England and DLUHC would not consider meeting all the scheme costs and CHESS would not be able to raise the level of charitable contributions required to meet the cost of the development in the foreseeable future. The request is for the Council to grant £350,000 to CHESS if their funding bid to Homes England is successful. CHESS are being supported by the Council's Housing Service with their bids for £1.5m capital grant from Homes England and £2.5m revenue grant from DLUHC (to cover the period from 2025/26 to 2027/28).

Revenue savings are expected from Temporary accommodation which will offset the Council's cost of funding the scheme. The timing of the scheme will not impact on the 2024/25 revenue budget.

Net Carbon Zero – any new development on the site would have a positive impact reducing carbon and energy use in design of new buildings.

It is requested that delegated authority is given to the Director of Sustainable Communities to spend within the approved budgets. The Director is also requested to review as the scheme develops whether there is S106 funding which can be used towards the cost of the scheme.

9. Civic Centre Ventilation and Roof Works £30k

Replace damaged thermal insulation and weatherproofing to the air handling ductwork located on the Council Chamber roof and behind the customer services area. The weatherproofing has failed, and water has penetrated the thermal insulation, which will then cause corrosion of the metal ductwork. There is a health and safety risk of the weatherproofing and thermal insulation eventually falling off the ductwork which could create a hazard if blown from the building during high winds.

Net Carbon Zero - the work will reinstate the correct level of thermal insulation to the systems and reduce the amount of energy used by the air conditioning units to cool/heat the council chamber and increase the efficiency of the old library building basement supply air handling unit.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

Scheme Proposals to Commence in 2025/26

10. Hylands House and Car Park Improved Lighting Scheme £38k.

The proposal is to install an increased number of higher lighting posts in the main car park to ensure the car park and pathways to the house are better lit. The current lights are not fit for purpose. The light fittings get waterlogged and are always breaking causing large areas of lighting to not work for weeks at a time. This should result in zero complaints and a saving on contractor call outs.

Net Carbon Zero – LED lighting to be installed which are more sustainable and will have to be replaced less frequently.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

11. Oaklands Museum Roof Safety Works Victorian House £63k

Although not a statutory requirement, the works are recommended for health and safety reasons. Replacement of rainwater goods, removal of gutter sections to the gable end bargeboards, and installation of snow guards to the eaves of the pitched slate roofs to prevent slipped slates from falling.

There is a risk that slipped/damaged slates could fall from the roof causing injury. There have been problems with the existing gutters leaking, and a section of gutter to one of the gable end bargeboards has previously come loose, but fortunately did not fall from the roof.

It is requested that delegated authority is given to the Director of Connected Chelmsford to spend within the approved budgets.

12. Retail Market Canopy Roof Liquid System £90k

Application of Liquid Waterproofing System to whole length of Retail Market Canopy due to the poor condition of existing Bitumen mineral asphalt covering. This waterproofing will provide a service life of approximately 20 years. Currently there are several areas that have water ingress which causes operational issues within the market and may affect future rental income.

Net Carbon Zero - A liquid waterproofing system requires less materials than a traditional strip up and replacement of Bitumen Felt. This means that the “embodied carbon” of the proposal is much lower than the traditional process.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

13. South Woodham Ferrers Pool Energy Initiatives and Maintenance £335k

A scheme was previously approved for SWF pool and was scheduled to be implemented in 2024/25. The approved budget is £275k and was for various works which included replacing the boiler and retiling the pool. To carry out the works, the pool would need to close with a resulting loss of income. Following an earlier review of the capital programme, it had been agreed to defer this project to 2025/26.

Since this bid was approved, the service has been investigating the most effective route to achieve the Council's objective of achieving the Net Zero target by 2030. The existing approved £275k budget is not sufficient to carry out the proposal of upgrading the gas fired boilers to an alternative Air Source Heat Pump scheme (ASHP), and the running costs of the ASHP option are likely to be much higher.

It was agreed that an approach would be made to APSE (Association for Public Service Excellence) for a feasibility to be undertaken to assess the suitability of the site for an ASHP. If the site was not suitable then the service could continue with the original more viable and economic solution of the Solar Thermal and upgraded gas fired boilers which would still deliver carbon savings.

An opportunity has recently arisen for the service to make an application to Sport England for grant funding to implement a scheme to improve energy initiatives. £267k has been applied for which would cover the cost of upgrading the existing boiler as originally planned and some other energy initiatives. The grant will need to be spent by March 2025 and therefore the work will need to be scheduled in 2024/25. As the pool will need to close for the boiler replacement, it would be sensible to also schedule the works included in the original bid at the same time and a total budget of £335k will be required.

If the grant application is unsuccessful, the service would like to progress with some 'quick win' energy initiatives which would cost in the region of £50k and would not require the closure of the pool and to continue to defer the works from the original bid to 2025/26.

Net Carbon Zero – More efficient heating and plant.

It is requested that following the outcome of the funding application, delegated authority is given to the Director of Public Places who, after consultation with the Cabinet Member for Active, will agree a scheme and spend within the approved budgets. The Director is also requested to review whether there is any S106 or CIL funding which can be used towards the cost of the scheme if the Sport England funding is unsuccessful.

Section 6

The impact of Capital Expenditure on the Revenue Budget

The Council is required by statute to produce a Capital Strategy each year, which is reported to Council in a separate report to the budget but at the same time as the budget. It gives an overview of how capital expenditure, capital financing, and treasury management activities contribute to the provision of local public services. It also identifies how the associated risks are managed and the implications on the financial sustainability of the Council. This section of the budget provides a summary of the impact of capital and capital financing on the 2024/25 budget.

The Council's capital programme is shown in **Section 5 (Table 13, new schemes)** and **Section 11 (Replacement Programme and previously approved schemes)**. The capital programme is different from revenue budgets in that borrowing and asset sales may be used to fund expenditure.

The resources used to finance the Council's capital programme are always estimated as part of the budget process but only finalised at financial year-end. The actual methods of financing can differ from the estimates depending on the life of assets being financed, resources available and the relative costs of each resource. The S151 Officer will determine the optimal mix of resources at the end of the financial year.

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

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

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

A. Direct Revenue Financing of capital schemes

The revenue budget for 2024/25 contains contributions from revenue reserves to fund capital (direct revenue financing of capital), however there is no ongoing funding source for these contributions. The contributions are being funded from reserves which contain prior year allocations of New Homes Bonus.

B. Borrowing Costs

For any scheme that is not self-financing or where the Council does not have enough capital receipts, grants, or external contributions available to fund it, the Council will either have to

internally borrow against any surplus cash held or borrow externally. Both types of borrowing have revenue implications.

The Council's capital programme does require the use of borrowing. The revenue cost of borrowing is split into two parts. The first part of the charge is either the interest forgone from not investing surplus cash that the Council internally borrowed, or if the Council externally borrowed, the interest cost on any external loans.

The second part is that the Council is required under regulation to set aside instalments to pay down debt. This is a charge to revenue called the Minimum Revenue Provision (MRP) and is payable on internal and external borrowing.

The capital programme is split between one off schemes and replacement programmes for vehicles, plant, and equipment, needed to run the Council's services. The useful life of the asset determines how quickly we need to repay the debt through MRP. As most equipment tends to have a relatively short useful life, the revenue cost of borrowing for the replacement programme, the MRP we charge to revenue, is significantly higher compared to borrowing, for say, land.

Historically, the Council has borrowed internally from the cash it held. Significant sums of the funds we internally borrow come from the Community Infrastructure Levy (CIL) collected from developers and held by the Council until it is spent on qualifying projects. As the unspent CIL is forecast to be used on schemes in 2024/25 and 2025/26, the Council will need to borrow externally.

Any interest earned by the Council on new CIL receipts from 2024/25 onwards will be set aside in the Chelmsford Development Reserve to fund Direct Revenue contributions to capital in future. Current practice has been to use interest on any cash-backed CIL to support the revenue budget. This change means that, when CIL is spent, there will be no impact on ongoing service funding as all that will happen is the contribution to the Chelmsford Development Reserve will reduce/cease.

There is an additional risk with external borrowing as the financing costs of any loan are linked to interest rate changes. The current environment of increased interest rates makes borrowing costs higher than they would have been in previous years and puts further pressure on the financing costs that the Council will have to manage. Interest rates are expected to fall over the next 2 years, this has been allowed for in the revenue estimates.

Below is a forecast of the net financing position of the authority. Previous forecasts tended to have a bias to showing borrowing levels higher than those that occurred, which is mostly due to expenditure occurring later than expected and higher CIL receipts. This means that there is the possibility of MRP, and interest costs could be less than those shown.

The MRP charge is made to revenue budgets for capital schemes funded from borrowing in either the year after the expenditure is incurred or the year after the asset is complete or becomes operational.

Table 14

Internal and External Borrowing Combined	2022/23	2023/24	2024/25	2025/26	2026/27
	£ms	£ms	£ms	£ms	£ms
Opening Balance as at 31/3/2022	18.898				
New Annual Borrowing (Includes Finance Leases)		17.059	4.690	15.312	7.545
Less MRP Repaid		-0.595	-0.694	-1.139	-1.788
Cumulative	18.898	35.362	39.358	53.531	59.288
					62.317

The increase in borrowing in 2024/25 £15m, is mostly caused by the following:

Housing Initiatives – schemes to be agreed and will be self-financing £7.4m
 Replacements £2.9m
 Maintenance Existing Property Assets £2.1m
 Purchase of assets for future developments of sites £1.5m

Table 14a

Breakdown MRP Repaid	2022/23	2023/24	2024/25	2025/26	2026/27
	£ms	£ms	£ms	£ms	£ms
Capital Schemes Approved	0.282	0.408	0.520	0.714	0.822
Capital Scheme New Proposals				0.085	0.099
Capital Schemes MRP	0.282	0.408	0.520	0.799	0.921
Capital Replacements life less than 10 years				0.365	1.005
Capital Replacements Finance Leases	0.313	0.286	0.619	0.624	0.635
Capital Replacements MRP	0.313	0.286	0.619	0.989	1.640
Total MRP Repaid in Year	0.595	0.694	1.139	1.788	2.561

The table above is debt repayment (MRP) split into the cost of funding capital schemes and the replacement programme (equipment and vehicles). From 2024/25 onwards, the cost of repaying debt on replacement items becomes the dominant part of the cost. The rising cost of the MRP replacement programme is both good and bad news. It is a positive development as it means the replacement programme is increasingly funded from ongoing contributions, but of course also means the cost of the capital programme will continue to rise until the replacement programme is fully funded from borrowing, likely to be circa 2030.

The table below shows how the financing costs must also be placed in the context of income gains from some of the schemes.

Table 15

Budgeted Net Revenue Costs Changes- financing costs of Capital Programme	2023/24	2024/25	2025/26	2026/27
	£ms	£ms	£ms	£ms
Estimate Interest Income	-1.29	-1.01	-0.73	-0.59
Estimated Interest Costs	0.02	0.86	1.36	1.00
Estimated MRP Scheme and Leases	1.28	1.14	1.79	2.56
Net revenue cost of financing capital	0.01	0.99	2.42	2.97
Financing costs less				
Income gain from New scheme proposals	0.00	0.00	-0.02	-0.02
Income gain from Existing schemes		-0.01	-0.08	-0.08
Net financing cost after scheme benefits	0.01	0.98	2.32	2.87
Change Year on Year		0.97	1.34	0.55

The need to borrow will change by prioritisation and approval of capital schemes. Another key factor will be the level of Community Infrastructure Levy (CIL) receivable by the Council in future. The current balance and expected receipts are shown below and have been used when planning the budget:

Table 16 Strategic CIL table

		2023/24	2024/25	2025/26	2026/27
	£ms	£ms	£ms	£ms	£ms
Balance as at 31/3/2023	-22.7				
Forecast CIL Receipts to be received		-0.5	-3.0	-12.7	-18.6
CIL Receipts Committed to Capital Schemes		3.3	22.3	4.4	7.8
Cumulative CIL Balance	-22.7	-19.9	-0.5	-8.8	-19.6

Affordability of the current capital programme was reassessed as part of this budget cycle. All new bids and existing approved schemes were considered as part of the overall programme. Some larger schemes that we were able to delay or put on hold have been removed from the approved programme and included on an Aspirational list (shown within the capital strategy) until they are a priority for the Council or funding becomes available to make them affordable. As aspirational schemes are still subject to approval, they are not included in the budgeted costs. In some instances, CIL funding previously allocated to schemes that are now on the aspirational list became available to fund other, more strategically important projects, such as Chelmer Waterside, reducing the need to borrow and consequently the financing costs of that borrowing.

The impact of inflation on capital projects has been previously identified as an issue. There will continue to be a need to reassess the costs and benefits of projects prior to their start. The impact of higher scheme costs will feed through into higher MRP and interest charges on the revenue budget. The inclusion of a scheme in the capital programme does not mean it will take place as affordability remains a key consideration. Scheme costs and outcomes must be reviewed before committing to any spend.

It is important to note when considering the rising cost of financing the capital programme: as a result of the difficulty of balancing the budget over the last decade, for reasons such as reduced Government funding and the impact of the pandemic, the Council took the decision in 2021/22 budget to cease making an annual £1.7m revenue contribution to the capital programme via a Future Asset Replacement Reserve (ARR). This contribution was used to fund replacement vehicles, plant, and equipment. Ceasing the contribution released a £1.7m saving to revenue in 2021/22. This decision recognised that in future borrowing would rise (internal and external) to fund replacement items and therefore MRP costs would increase over time by at least £1.7m. A significant part of the increased MRP going forward is not a new burden, but a gradual reinstatement of known existing replacement programme costs.

Additionally, New Homes Bonus (NHB) prior to the 2023/24 budget was contributed to the Chelmsford Development Reserve and then used to fund capital expenditure. The very challenging budget position has required that, in 2023/24 and onwards, NHB is now used to support the ongoing revenue budget. The capital programme has been reduced, but the loss of NHB contribution to capital does mean higher MRP costs going forward.

In the current budget proposals, Business Rate Retention (BRR) income is now fully used to support the revenue budget. Previously taken as windfall income the BRR would either offset service overspends in year or have been used to fund capital.

The revenue forecast in **Section 7** includes the cost of the proposed Capital Programme.

C. Aborted Schemes Feasibility or Design Works

The Council can charge feasibility and design works to capital resources only when a scheme results in the creation of an asset. Should a scheme not continue to completion, any costs charged to capital would be required under Government accounting practice to be charged to revenue.

The risk of costs falling on revenue increases when the Council undertakes schemes with partners or where the scheme is only viable due to external funding. In these circumstances, the Council may find it cannot continue with a scheme for reasons beyond its control.

Given the significant size of the capital programme, this risk can be managed by maintaining an earmarked reserve to alleviate the consequences, which is detailed in **Section 7**.

Any costs that no longer meet the definition of capital so have to be charged to revenue will be dealt with as part of financial year end and reported to the Audit & Risk committee.

Section 7 Budget Forecast & Reserves

Revenue Budget Forecast

A forecast of capital expenditure and resources is contained in the Capital Strategy, in line with statutory requirements, that has been reflected in the revenue forecast in this section. The latest revenue forecast is shown below. The revenue forecast should be used with the budget (including Reserves and Council tax) when decisions are made regarding what is affordable and sustainable.

Table 17

Budget Gap - Changes from Preceding Year	Forecast 2025/26 £000s	Forecast 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s
Cost of Inflation & Cost Pressures				
Pay Inflation 3% (and Members).	1,200	1,236	1,273	1,311
Other staffing- including increment and grade changes	100	100	100	100
NDR Inflation 2%	60	60	60	60
Other Inflation	70	70	70	70
City Growth	127	180	180	180
	1,557	1,646	1,683	1,721
Additional Fees and Charges Yield				
Income from Price changes and new charges (25/26 onwards 3%)	-790	-810	-834	-859
	-790	-810	-834	-859
Housing Temporary Accommodation				
Case load and Subsidy Loss	1,250	1,250	1,250	1,250
Repairs, bad debts and other running costs (indicative cost)	100	100	100	100
Housing Posts (remove funding)	160			
	1,510	1,350	1,350	1,350
Growth				
Growth Provision -revenue	300	300	300	300
Growth - new capital scheme allowance	150	150	150	150
	450	450	450	450
One off /Temporary (to be met from Reserves)				
Elections			305	-305
Rent Income and vacant costs	-192	-834	-205	0
Pension deficiency in 2023/24 removed from 2024/25 budget		534	-534	
Direct Revenue Financing	-247	3	621	-693
Local Development framework spend	25	-170	20	25
Other one off items	-244			
Total One off	-658	-467	207	-973
Net Capital Financing				
	1,371	547	400	500
Budget Gap before Funding	3,440	2,716	3,256	2,189
Funding Available to Meet Gap				
Savings and Efficiencies	-19	0	0	0
Business Rate Retention -estimated higher income	0	0	0	0
Assumed higher Government funding				
Government Funding 2% cash increase assumed	-156	-160	-160	-160
Council Taxbase and increase 3%.	-644	-658	-672	-687
Council Tax deficit or Surplus	-156	0	0	0
Reserve Use changes	2,950	406	-196	839
Annualised Budget Gap forecast	5,415	2,304	2,228	2,181
Deficit CFWD (if not Balanced)		5,415	7,719	9,947
Net Gap If prior year not balanced	5,415	7,719	9,947	12,128

The forecast budget deficit for 2025/26 is £1.24m higher due to the use of reserves in 2024/25 budget gap.

The budget gaps are significant and, in summary, can be said to arise from:

- After pay, Homelessness costs are the largest factor. The numbers in TA are forecast to increase by 96 year-on-year with resulting increase in cost at £13k per case of £1.248m.
- Assumed 2% government funding increases.
- Energy prices do not decline from 2024/25 rates and use of reserves to fund energy costs is withdrawn over 2024/25 (£768k) and in 2025/26.
- Provision for growth in the demand for services such as refuse, parks, and street cleaning £177k, and housing services £248k, plus annual allowance of £300k for service improvements.
- Assumed tax base growth is 800 properties per year which would generate £177k of additional income in 2024-25; insufficient to pay for increased service demands. Council tax is forecast to increase by 3% per year but is subject to government regulations on increases allowable.
- Higher capital financing costs reflecting replacement programme and capital schemes commitments.

It has been clearly evidenced by events over the last few years that the forecasts are fallible and that the financial strategy must manage the unexpected. **Section 8** identifies the view of the S151 officer regarding the approach needed to manage these risks.

A potential positive factor which the Council has no control over is the level of Government funding. Though currently the Government seems to imply it will not provide additional funding above 2%, given the large numbers of local authorities reporting significant financial difficulties, this looks untenable unless the Government provides clear guidance on what services the Council should provide if lower real terms funding is the norm moving forward.

Another positive factor that will affect future years is the development of the Waterside site. No income from capital receipts or revenue income has currently been allowed for in the forecasts but the costs of the infrastructure have.

Reserves – 2024/25 Original Budget and Forecast.

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

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

For 2024/25, £1.242m of General balance is being used to support ongoing expenditure. As stated earlier in the report, this is a temporary measure and solutions to move to a more sustainable financial position will be developed for 2025/26.

Table 18 – Reserve Use (excludes transfers between reserves)

	Budget 2024/25 £000s	Forecast 2025/26 £000s	Forecast 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s
-Use of Reserves /+contribution to	0	0	0	0	0
Use of deficiency reserve	0	0	-534	0	0
Supplementary estimate Reserve	-300	-300	-300	-300	-300
Project Evaluation Reserve	0	0	0	0	0
Property reserve	50	50	50	50	50
Infrastructure reserve	0	0	0	0	0
Chelmsford development reserve	-257	115	51	-559	0
Fuel reserve	-25	0	0	0	0
Cultural reserve	0	0	0	0	0
DPO Reserve	-8	0	0	0	0
Energy reserve	-682	0	0	0	0
Growth fund	0	0	0	0	0
Local Plan Fund	-225	-250	-80	-100	-125
Property reserve	-1,231	-1,039	-205	0	0
Insurance Reserve	-50	0	0	0	0
General Balance	-1,646	0	0	-305	0
Use of reserves in year	-4,374	-1,424	-1,018	-1,214	-375
Variation from preceding year	-1,143	2,950	406	-196	839

There are several positive and negative factors that could influence the level of reserves, and these are discussed in **Section 8**. The Council should target a level of approximately £9m of unearmarked reserves, whilst recognising that the level of balances will fluctuate over time as it adjusts to short-term pressures in the revenue budget. **Section 8** identifies the issues that the S151 Officer considers when setting the target.

As well as the use of reserves, the balance of a reserve does fluctuate when money is transferred between reserves as part of the budget.

The table does not include transfers between reserves.

A forecast of the reserves allowing for the use and transfers proposed for 2024/25 and future years is shown in **Table 19** at the end of this section. It also identifies the purpose of each reserve and any delegation for their use.

Table 19

The Reserves projection for 2028/29 is Unearmarked reserves to decline to circa £8m due to the use of reserve to fund supplementary estimates in that year.

Usable Reserves Projections

	2023/24 Budget (plus forecast)				2024/25 (Draft Budget)				2025/26 (Forecast)				2026/27 (Forecast)				
	£000s	Original £000s	Forecast adj. £000s	Budget Transfers £000s	£000s	£000s	Transfers £000s	£000s	£000s	£000s	Transfers £000	£000s	£000s	£000s	Transfers £000	£000s	£000s
Earmarked																	
Corporate Investment																	
Cultural Support 'Fund'	92	-35			57	57			57	57			57	57			57
Local Development Framework	1,034	-200		388	1,222	1,222	-225	997	997		-250	747	747		-80	667	667
Growth fund	19			-19	0	0		0	0			0	0			0	0
Carry forwards & Supplementary estimate Reserve	146		-346	200	0	0	300	-300	0	0	300	-300	0	0	300	-300	0
Housing Initiatives	150			-150	0	0		0	0			0	0			0	0
DPO Reserve	79			-71	8	8	-8	0	0			0	0			0	0
Hylands House Reserve	3				3	3		3	3			3	3			3	3
Master Plan Income	65			-65	0	0		0	0			0	0			0	0
	1,588	-235	-346	283	1,290	1,290	300	-533	1,057	1,057	300	-550	807	807	300	-380	727
Capital Programme																	
Project Evaluation Resrve	285		-72		213	213	37		250	250			250	250			250
Sinking Fund for let property	0	50			50	50		50	100	100		50	150	150		50	200
Infrastructure fund	1,258		-699		559	559		559	559	559		559	559	559			559
Chelmsford development	2,959		-2,309		650	650		-257	393	393		115	508	508		51	559
	4,502	50	-3,080	0	1,472	1,472	37	-207	1,302	1,302	0	165	1,467	1,467	0	101	1,568
Risk Management																	
Insurance	910	-50			860	860		-50	810	810			810	810			810
Pension deficiency	2,245	-534		-655	1,056	1,056	183		1,239	1,239			1,239	1,239		-534	705
Park and Ride	229				229	229			229	229			229	229			229
Vehicle Fuel Reserve	0	-304	304		604	604	-280	-25	299	299			299	299			299
Utility Costs Reserves	0	-1,535	805	2,303	1,573	1,573		-682	891	891			891	891			891
New: rent income (temporary loss of tenant)	0				0	0	2,475	-1,231	1,244	1,244		-1,039	205	205		-205	0
	3,384	-2,423	1,109	2,252	4,322	4,322	2,378	-1,988	4,712	4,712	0	-1,039	3,673	3,673	0	-739	2,934
Total Earmarked Reserves	9,474	-2,608	-2,317	2,535	7,084	7,084	2,715	-2,728	7,071	7,071	300	-1,424	5,947	5,947	300	-1,018	5,229
Unearmarked																	
General Fund & Contingency	19,428	-624	-2,432	-2,535	13,837	13,837	-2,715	-1,647	9,475	9,475	-300	9,175	9,175	-300	8,875	8,875	8,875
Recommended level £9m																	
	19,428	-624	-2,432	-2,535	13,837	13,837	-2,715	-1,647	9,475	9,475	-300	9,175	9,175	-300	8,875	8,875	8,875
Total reserves	28,902	-3,232	-4,749	0	20,921	20,921	0	-4,375	16,546	16,546	0	-1,424	15,122	15,122	0	-1,018	14,104
Not Available to Support Spend, until financial year end when the actual position is determined.																	
Business Retention reserve	805	2,304	1,500	4,609	4,609	4,609	-1,609	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

pplementary estimates in that year.

Reserves	Purpose	Delegation
Cultural Support 'Fund' Chelmsford development	To contribute to Cultural Services costs To support the ongoing development of the Chelmsford City area.	Relevant Director & Cabinet member Section 151 & cabinet member for a Fairer Chelmsford
Infrastructure Provision	To manage the risk of Capital costs becoming chargeable to revenue	Section 151 & cabinet member for a Fairer Chelmsford
Growth fund	Funding Held for Strategic Planning issues	Relevant Director & Cabinet member
Insurance	To meet losses and policy excesses where more appropriate to insure internally than externally.	Relevant Director & Cabinet member
Local Development Framework	To meet expenditure on the LDF	Relevant Director & Cabinet member
Pension deficiency	To support the financing of the deficiency payments on the pension fund. To fund one off staff costs e.g. flexible retirements, redundancy.	Chief Executive, Director of Corporate Services for one off staff costs.
Park and Ride	Contingency to smooth management contract costs of Park and Ride	Relevant Director & Cabinet member
Hylands House Reserve	To contribute to Hylands House and Estate costs	Relevant Director & Cabinet member
Housing Initiatives	To establish funding to undertake initial stages of projects that may not be capital costs.	Section 151 & Cabinet member
DPO Reserve	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process	Chief Executive
Project Evaluation Reserve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production of robust business plans	Management Team
Carry forwards & Supplementary estimate Reserve	These are working balances arising from the carry forward policy, set out in financial regulations. Also to fund a normal level of supplementary estimates	Relevant Director & Cabinet member
Master Plan Income	Carry Forward one off income from sites where the developer has paid for additional support from Council planners. The reserve is used to fund any additional costs of the planning department	Relevant Director & Cabinet member
Vehicle Fuel Reserve	To be used as part of the budget process to alleviate the temporary increase in vehicle fuel	Budget Decision. Cabinet
Sinking Fund for let property	Provide resilience due to the volatility of properties that generate rent income	Budget Decision. Cabinet
New: rent income (temporary loss of tenant)	To be used as part of the budget process and closure of Accounts to alleviate the temporary loss of rent	Budget Decision. Cabinet
General Fund	These are uncommitted working balances to meet the unforeseen needs of the Council.	Normal Supplementary estimate rules (within constitution)
Business Retention Reserve	To meet timing issues arising from Business Rate Retention scheme	To be used by Section 151 as part of the annual closure of the Business Rate account

Section 8

Section 151 Officer Report – Risks & Robust Budget

The Council's members have a legal duty to have regard to the comments made by the Council's Chief Financial Officer (Section 151) in this section (report) when setting the budget.

Introduction

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer (S151) to have responsibility for those arrangements.

This section of the budget report is made by the S151 officer and is non-political. It aims to provide members with an understanding of the S151 view of the Council's financial position and fulfils statutory reporting requirements. The factors the S151 has considered are:

- **A) Background; Legal Context and Duties of S151 (Chief Financial Officer)**
- **B) Financial Management Arrangements**
- **C) Financial Outlook and Risks**
- **D) Level of Reserves and Overall Financial Standing**
- **E) Conclusion**

A) Background; Legal Context and Duties of the Chief Financial Officer

It has been established by legal case law that the S151 is not simply an officer of the authority but holds a fiduciary responsibility to the local taxpayers. This duty has been expanded overtime by legalisation discussed below.

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

The Act requires the Council to have regard to the report in making its decisions.

Sections 32 and 43 of the Local Government Finance Act 1992 also require authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.

There are also a range of safeguards in place intended to prevent local authorities from overcommitting themselves financially. These include:

- The CFO's S114 powers, which require a report to the Cabinet and to all members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget.
- The Prudential Code, which has applied to capital financing since 2004/05.
- Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State stated that 'the provisions are a fall back against the circumstances in which an authority does not act prudently, disregards the advice of its Chief Financial Officer and is heading for serious financial difficulty.'

These safeguards should be further reinforced through detailed scrutiny by the Council's external auditors. There is a requirement on the auditor to form a conclusion on the arrangements that

the Council has in place to secure economy, efficiency, and effectiveness in its use of resources. In addition, the external auditors review the underlying assumptions used to support material estimates within the Council's financial statements, such as valuations of property assets and pension liabilities. Clearly, the nationwide failure of audit firms to carry out timely audits of local authority accounts makes this control ineffective.

CIPFA, who, working with Government, provide best practice on financial management to local authorities, have made a statement on how the role of the Chief Financial Officer in a public sector organisation should be. The CFO in a public service organisation:

- i) is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest,
- ii) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities, and risks are fully considered, and in alignment with the organisation's financial strategy,
- iii) must lead the promotion and delivery by the whole organisation of good financial management so that public money is always safeguarded and used appropriately, economically, efficiently, and effectively.

To deliver these responsibilities the CFO:

- iv) must lead and direct a finance function that is resourced to be fit for purpose,
- v) must be professionally qualified and suitably experienced.

B) Financial Management Arrangements

When understanding the budget and financial position, Members of the Council need to be aware of the financial control and management arrangements. These arrangements must not only help manage, but also identify new risks.

In-year expenditure and income monitoring against the budget: the Council has established and continually updates its system of budget monitoring and financial control, with reporting to the Audit & Risk Committee (year-end review) and Cabinet. Monitoring reports are produced for Management team and Cabinet members four times a year for revenue and three times for capital. These reports identify variances against the budget, risks to the forecast, and, where possible, actions to alleviate adverse variances. Additionally, high risk and high value revenue income and expenditure are reported monthly to Management and Cabinet members.

The Council has due regard to both statutory and non-statutory guidance including the Prudential Code for Capital Finance in Local Authorities and related DLUHC Investment Guidance. Additionally, the Council has a long-established Treasury Management and Investment sub-committee. These arrangements ensure cash, capital investment and borrowing decisions are made with appropriate information and monitoring taking place.

Budget Planning: the budget has been prepared within the terms of the Medium-Term Financial Strategy and in consideration of the key financial risks identified. The process of setting the budget for 2024/25 has been the subject of the following report:

- Budget Framework - Medium Term Financial Strategy July 2023
- Mid-Year Budget Review and Financial Forecast October 2023

Independent Review of Financial Management is undertaken by:

External Audit - under National Audit Office (NAO) Code of Practice regulations, external auditors are also required to make a Value for Money assessment to consider that local authorities have put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. The assessment must be published three months post audit completion. The Council's auditors (BDO) have not completed their audit of the accounts for 2021/22 nor 2022/23. The delays are due to the auditor, who has publicly confirmed this at Audit and Risk Committee. The delays at Chelmsford are part of a national problem. The lack of Value for Money Assessment is therefore a weakness in the Council's financial arrangements, which the auditors are committed to address. However, they have not raised any concerns about value for money based on the work they have completed to date. The Section 151 officer believes it will be several years before external auditors catch up with the national backlog.

The lateness of external audit reports means the budget is being set without external validation of the reserve balances. The Section 151 officer does sign off the accounts with confidence that financial reporting (including reserves) is materially correct, but it is of great importance that timely external scrutiny of the accounts takes place.

The scrutiny of financial management is also undertaken by Internal Audit, Audit and Risk Committee, the Performance review work of the Overview and Scrutiny Committee, the Treasury Management and Investment Sub-committee, and the Risk Management process.

Due to the extraordinary financial pressures faced by the Council, I intend to make some changes to the monitoring processes in 2024/25, to further strengthen arrangements:

- revenue income and expenditure reported to members will be monitored against the original budget set in February rather than against additional budget approvals made in the year. This is to clarify when reporting the additional and often significant use of reserves approved in year. The monitoring process needs more face-to-face discussion and feedback channels. The Council implemented an advanced financial reporting system some three years ago. This was intended to increase self-service and automation of financial processes for services. This change has improved financial management but, with the extraordinary financial pressures currently being faced, there needs to be more regular discussion of budget issues across the Council, by service managers, accountancy, Directors, and Cabinet members.
- when reporting financial implications of any new proposals, capital or revenue, commentary on their impact on overall budget deficits forecast will be provided.
- the changes to the monitoring process for revenue and capital aim to increase the use of the following measures to deal with adverse income and expenditure projections by:
 - slowing down or stopping spending if that is an appropriate mechanism,
 - increasing income elsewhere (identifying projections of overall resources) ; or
 - moving funds around between services (virements).

Statement by the S151 officer on the robustness of Financial Management arrangements: I consider the Council's financial management arrangements and planned changes to be sufficiently robust to maintain adequate and effective control of the budget for 2024/25.

C) Financial Outlook and Risks

The financial forecasts and strategy are reported in the Medium-Term Financial Strategy (MTFS) to Cabinet and Council. This budget report updates the financial forecast for the next five years

in Section 7. It is not a comprehensive reworking but is sufficient to enable members to assess the ongoing sustainability of budget decisions. The forecast should be considered in conjunction with the comments included in this section from the S151 officer.

Looking ahead, the key financial pressures, risks and how they are being managed are discussed below:

- i) Housing - Housing Service costs: there has been an increase in demand for Council housing services. The shortage of affordable housing locally and nationally would imply this will continue to be a long-term problem. The extent of demand and resultant cost increase is difficult to predict and can only be based on current trends and the professional views of the Council's housing officers. If reserves are sufficient, then their use to provide time to seek actions to balance and ensure the extent of the additional Homelessness costs is the appropriate approach. It cannot be said that the Homelessness estimates are robust in themselves as there are too many variables outside the Council's control, but the approach to manage the risks within the budget, being holding reserves to offset risks and that officers are developing action plans during 2024 to lower the costs of homelessness, is robust.
- ii) Capital financing: The Council has an ambitious agenda that requires capital investment. This generates several risks:
 - The budget for the revenue cost of capital financing assumes a fall in long term interest rates.
 - Capital schemes already approved in the capital programme are exposed to the risk that inflation will drive up the costs of the scheme before or during construction, which in turn will increase the revenue costs of financing. To reduce the risk of cost overruns, the following actions are being taken: the development of a project toolkit by officers during 2024, reducing the time between the tender approval of a scheme budget, and ensuring robust feasibility work has been undertaken before budget approval.
 - No capital receipts of any material size have been included in financial planning. It is unlikely any material receipts will be received in 2024/25, but over the five-year forecast, receipts are a real possibility and will reduce capital financing costs charged to revenue.
 - CIL receipts do not arrive on time. This means either delaying schemes or undertaking more borrowing with higher revenue financing costs.
 - Waterside Development has potential financial upsides that have not been included in financial planning. The Council has committed to £43.6m of capital expenditure on this scheme funded in the current financial planning from grants and CIL. Reductions in the overall capital programme costs have resulted in no borrowing being needed for Chelmer Waterside. No capital receipts from this scheme have been allowed for in the financial forecasts. Capital receipts and or revenue income will be realised on the development. The revenue forecasts include the impact of spending CIL, being loss of interest of £650k in 2024/25 and £800k ongoing. On a like-for-like basis, every £10m of proceeds from disposal will generate revenue income of between £300k-£460k per annum; or more if it is used to pay down debt. Disposal proceeds or income streams from the development are unlikely until 2027.
- iii) Pay: with a 3% growth in planned staffing costs, there remains a significant risk that pay costs could be higher. This risk is due to the need to attract/retain staff, but also

the ongoing policy of Government to significantly increasing National Living wage rates by more than local government public sector earnings increases. One-off staff payments made from reserves are less affordable going forward, so potentially the ongoing element of the pay award will need to be higher. Fortunately, the inflation rate is now falling, which should mean, over the medium term, pay pressures should reduce.

- iv) Energy: costs in 2023/24 are lower than originally budgeted by some £0.8m. The Council's energy is now being bought as part of a three-year rolling purchase contract, which should bring greater stability and less risk of increases, however, inevitably, should prices fall, the Council contract prices will lag those reductions. Currently some 20% of energy for 2024/25 has yet to be forward purchased. The risks of higher energy costs in 2024/25 are much reduced but not negligible. The budget assumes some £0.6m of reserves are used to fund energy costs in 2024/25, but for 2025/26 no reserve use is planned. The impact is that the 2025/26 budget gap forecast increases as reserve use ceases and prices do not fall. The Utility Cost reserve is planned to remain in place with an uncommitted balance of £0.9m to help alleviate future risk.
- v) Business Rate Retention Income. The Council has received annually several millions, (it varies significantly year on year), but past income is not that useful in predicting future levels as the scheme is too complex. The Council has previously only committed £0.5m a year of this income to support ongoing revenue spend. The additional income has been taken as windfalls at year end to increase reserves or offset service overspends (often reduced income). However, the surplus for 2023/24 will be kept in a reserve and used to manage the risk of increasing the use of Business Rate Retention in supporting ongoing service expenditure on an ongoing basis. It is estimated that the Business Rate Retention Reserve should have £3m of contingency funding in it by the end of 2023/24. The reserve balance may be higher as additional money could be held to manage timing differences on the scheme income and payments. There is a real but unquantifiable risk that Government will reduce this source of funding in later years, and this could be as early as 2025/26 as Retention income is outside Core Spending Power calculations.
- vi) Rent Income. The budget allows for a large reduction in rent income. Although it is unlikely in 2024/25 that further large reductions will occur, smaller reductions are possible. The risk remains that, as tenancies come up for renewal, reletting takes longer and is at lower rents. The Council's interest in High Chelmer will continue to suffer from changes in the consumer behaviour such as working from home and online shopping. The Budget includes the establishment of an earmarked reserve to meet predicted rent shortfalls for the period to the end of 2026/27. That reserve only has funding to cover the current projected rent void (losses) at Visteon and Eagle house. If these properties are not relet in line with expectation in the budget, the cost will fall on the general reserves or further net budget reductions will be needed.
- vii) Other risks. There are of course other risks, such as reduced car parking income due to redevelopment, planning income declining due to economic conditions, and world events. These and the many others will be managed via maintaining unearmarked reserves as near as possible to the £9m target and this is discussed below in the reserves commentary.

Based on the factors above, I consider that these budget proposals take due regard to risk, including the financial and economic environment, and that the assumptions within the budget are reasonable and the estimates used for 2024/25 are robust.

Looking beyond 2024/25, the financial pressures continue based on current trends and plans identified by services. The size of the forecast budget gap for 2025/26 identified in Section 7 is equivalent to over 50% of the general balance. However, the estimated budget gap for 2025/26 is not robust, as:

- at this time, it is impossible to say how Government funding will change post general election.
- Homelessness could taper off if demand and cost pressures ease, but there are many factors which could increase demand. The Council has limited control over these but is of course reviewing service provision to lessen costs.
- Inflation could be volatile due to world events.
- The forecast does not include any material measures undertaken to close the budget gap after 2024/25, such as savings, efficiencies or fees and charges reviews. After a decade of annually identifying efficiency savings, it must be presumed the scope of achieving efficiencies is more limited and so there is more risk.

I have consulted with the Chief Executive and Leader and have been advised the Council will develop a robust financial plan to move the Council's finances on to a more sustainable footing.

D) Level of Reserves and Overall Financial Standing

Last year, this report noted that nationally there was an increasing number of Councils issuing Section 114 notices. A S114 notice stops all non-essential spending and provides for a 21-day period for the Council to consider the report and what action it may take as a result. A significant number of Councils during the Autumn of 2023 stated publicly that their financial position was approaching the point where the S114 notices were becoming quite possible. Demand and inflationary pressures were becoming unmanageable. The Council's own financial position remains very challenging, with a large-planned use of reserves in 2024/25 and significant budget shortfalls forecast for 2025/26 and beyond.

The S151 officer of the Council declares if a Section 114 notice is necessary. The City Council does not have a foreseeable need for a Section 114 notice.

The S151 officer's view of 2024/25 reserve use is:

- Projections of the level of reserves show that they remain above the target set.
- The cost increases facing the Council are significant and their impact should be spread over several years by using reserves. This will enable the most effective resolution to be found.
- Government policy is that local authorities should be using reserves to manage the financial challenges in 2024/25. This is a matter that should be determined locally by members after careful consideration.
- The Council will, during 2024/25, develop a robust financial strategy to reduce reliance on reserves to fund ongoing services. This strategy may take several years to fully implement.

Determining the appropriate levels of reserves is a professional judgement based on local circumstances, including the overall budget size, risks, robustness of budget preparation,

corporate plans, budget assumptions, earmarked reserves and provisions, and the Council's track record in budget management. The Budget Strategy, approved by Council in December 2020, contained a recommendation to increase the target level of unearmarked reserves to £9m. This was in response to the pandemic. It was a significant monetary increase from £7m to £9m and it provided additional capacity to cope with variations in the estimates.

It is not possible, given the current budget forecast and lack of certainty over government funding, to reduce the £9m target for unearmarked reserves. The reserves level should be determined by reference to the medium and long term need for reserves and, with the known risks, a lower level of reserves is not advisable. Reserves can be allowed to fall below the target for temporary periods if risks materialise.

In Section 7, Table 19, the projected use, and levels of Reserves to the period 2027/28 are shown. There is a decline in the level of unearmarked reserves. The forecast identifies a reduction to £8m after allowing for transfers and expenditure. However, as stated, the forecast revenue position is not a robust estimate as it does not allow for a revised financial strategy in 2024. The key metric is the unearmarked reserves are not projected to fall below £9m in the 2024/25 budget year.

The Council holds a number of earmarked reserves to provide for future expenditure such as pension deficit payments, some to guard against specific risks such as the reserve to support revenue costs of abortive capital projects, and others to hold uncertain income until it is fully realised (Business Rates Retention income). Further detail on these reserves is contained in Section 7 of the report.

Based on the above factors, I consider the level of reserves presented in the budget estimates to be adequate to support the ongoing financial sustainability of the Council. This is based on the commitments made to develop a new financial strategy in 2024/25.

E) Conclusions

The budget shortfalls shown in the financial forecasts are significant financial challenges and will be more difficult to manage than previous deficits because:

- Efficiency savings are scarcer given that the Council has been successfully finding ways to meet shortfalls for over 10 years.
- Reliance on income generation to balance the budget brings over the longer term increased risks, such as the potential for customer resistance to increases in charges or as seen currently, void periods in the Council's property portfolio.
- The economic and world political climate makes it difficult to predict demand and the cost of the provision of Council services.
- Government funding is highly uncertain beyond 2024/25.

These issues are faced by all lower tier English local authorities.

The development of a robust medium-term financial plan to balance the budget is an essential action for 2024/25.

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

Phil Reeves - S151 Officer/Chief Financial Officer

Section 9 Council Tax & Business Rates

The Council's budget is heavily dependent on Council tax income. Not only is the amount significant (£15.8m), but it also provides a stable income. The Council has only limited discretion to increase Council Tax as the Government annually set a threshold which, if exceeded, requires a local referendum.

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

This section identifies the issues arising from Business Rates and Council Tax when setting the Council's Budget for 2024/25.

Council Tax Referendums

The Government has announced that Council Tax increases of the greater of either 3% or £5 for District authorities will not be subject to a local referendum. The budget includes proposals to increase a band D Council Tax by £6.44 (2.99%) per year, which is within this limit. This generates some £456k extra per year.

Council Tax, Parish Grant & Special Expenses Proposal 2024/25

The Council levies Council Tax by identifying a Precept (net Council expenditure after government grants); a charge is then calculated for each residential property. The average of these charges is expressed as a "Band D Average." The average is estimated by dividing the precept by the tax base (the number of Band D equivalent properties in the City Council area). The tax base for 2024/25 is 71,536.25, some 773 higher than last year. The increase in the number of Band generates an extra £170k.

A summary of the known Council Tax charges from each of the precepting authorities (an average is shown for Parishes) is shown in **Table 20**. The table will be completed for Council.

	2023/24	2024/25	Increase	
	£	£	£	Increase %
Chelmsford City Council	215.08	221.52	6.44	2.99%
Essex County Council	1,450.17			
Police, Fire and Crime Commissioner for Essex	233.46			
Essex PFCC , Fire & Rescue Authority	80.28			
	1,978.99	221.52		
Parish Tier Councils (average)	45.85			
TOTAL	2,024.84	221.52		

A Council Tax resolution will be drafted for Council upon receipt of the precepts from other bodies.

After allowing for Tax base and the 2.99%, increase some £627k extra income from Council tax can be expected in 2024/25.

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

Council Tax Surplus or Deficit

The Collection Fund records the amount of income collected from Council Tax and the Local Council Tax Support scheme costs, together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be considered when determining the Council Tax for the following year. Chelmsford City Council’s share of the Council Tax deficit for 2024/25 is £154k. The deficit has fallen by £37k compared to 2023/24.

Business Rate Surplus or Deficit

To meet the legal requirements when setting the budget for 2024/25, the Council is required to declare by the 31st of January 2024 a Business Rate Retention Surplus or Deficit, after submitting a return (NNDR1) to Government. The Business Rate Retention figures contained in this report reflect estimates which will be reviewed on completion of the NNDR1. The figure of importance at this stage of the budget is £2.25m of Business Rate Retention income which will be used to fund ongoing service expenditure in 2024/25. This level of support is achievable in 2024/25 as any surplus from 2023/24 will be held in reserves and the 2024/25 retention income is estimated to be circa £2.5-£3m.

Table 21 Business Rate Surplus of Deficit

The Council report will be updated by the S151 officer prior to publication for the NNDR1.

The estimated Business Rate retention position for 2024/25 is made up of	£000s
Surplus relating to prior years	TBA
Section 31 grants, which are included elsewhere in the revenue budget	TBA
2023/24 Income above Baseline Business Rate Income	TBA
Business Rate Pool Income	TBA
Total	

Table 22

CHARGES TO PARISH TIER COUNCIL AREAS

PARISH TIER COUNCIL	2023/24								2024/25							
	←-- PARISH PRECEPTS -->			←----- BAND D EQUIVALENTS ----->					←-- PARISH PRECEPTS -->			←----- BAND D EQUIVALENTS ----->				
	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes
(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £	(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £	
Boreham	95,445	-6	95,439	186.66	5.58	192.24	66.69	258.93	190.71	5.85	196.56	190.71	5.85	196.56	196.56	196.56
Broomfield	201,583	-44	201,539	186.66	26.73	213.39	94.68	308.07	190.71	29.16	219.87	190.71	29.16	219.87	219.87	219.87
Chelmer	187,257	152	187,409	186.66	38.97	225.63	54.81	280.44	190.71	41.58	232.29	190.71	41.58	232.29	232.29	232.29
Chelmsford Garden	194,291	47	194,338	186.66	22.86	209.52	58.77	268.29	190.71	24.75	215.46	190.71	24.75	215.46	215.46	215.46
Chignal	8,100	4	8,104	186.66	34.56	221.22	25.56	246.78	190.71	37.80	228.51	190.71	37.80	228.51	228.51	228.51
Danbury	360,388	35	360,423	186.66	2.61	189.27	147.51	336.78	190.71	2.61	193.32	190.71	2.61	193.32	193.32	193.32
East Hanningfield	36,459	11	36,470	186.66	25.56	212.22	73.80	286.02	190.71	27.00	217.71	190.71	27.00	217.71	217.71	217.71
Galleywood	113,150	63	113,213	186.66	31.95	218.61	53.46	272.07	190.71	34.83	225.54	190.71	34.83	225.54	225.54	225.54
Good Easter	10,710	2	10,712	186.66	20.16	206.82	59.58	266.40	190.71	22.23	212.94	190.71	22.23	212.94	212.94	212.94
Great & Little Leighs	33,000	-33	32,967	186.66	36.81	223.47	28.26	251.73	190.71	40.14	230.85	190.71	40.14	230.85	230.85	230.85
Great Baddow	460,568	-75	460,493	186.66	9.09	195.75	84.42	280.17	190.71	9.81	200.52	190.71	9.81	200.52	200.52	200.52
Great Waltham	84,366	-18	84,348	186.66	25.20	211.86	89.64	301.50	190.71	27.36	218.07	190.71	27.36	218.07	218.07	218.07
Highwood	40,030	8	40,038	186.66	22.68	209.34	120.15	329.49	190.71	24.66	215.37	190.71	24.66	215.37	215.37	215.37
Little Baddow	49,806	-18	49,788	186.66	22.32	208.98	56.79	265.77	190.71	24.21	214.92	190.71	24.21	214.92	214.92	214.92
Little Waltham	41,877	-3	41,874	186.66	30.51	217.17	78.21	295.38	190.71	32.94	223.65	190.71	32.94	223.65	223.65	223.65
Margaretting	12,420	-5	12,415	186.66	22.77	209.43	31.77	241.20	190.71	24.66	215.37	190.71	24.66	215.37	215.37	215.37
Mashbury	0	0	0	186.66	20.16	206.82	0.00	206.82	190.71	22.23	212.94	190.71	22.23	212.94	212.94	212.94
Pleshey	8,280	-3	8,277	186.66	20.16	206.82	59.31	266.13	190.71	22.23	212.94	190.71	22.23	212.94	212.94	212.94
Rettendon	46,800	27	46,827	186.66	28.26	214.92	56.61	271.53	190.71	30.60	221.31	190.71	30.60	221.31	221.31	221.31
Roxwell	16,500	-18	16,482	186.66	1.71	188.37	34.56	222.93	190.71	1.71	192.42	190.71	1.71	192.42	192.42	192.42
Runwell	118,239	-35	118,204	186.66	20.79	207.45	59.67	267.12	190.71	22.77	213.48	190.71	22.77	213.48	213.48	213.48
Sandon	38,808	30	38,838	186.66	25.29	211.95	49.95	261.90	190.71	27.36	218.07	190.71	27.36	218.07	218.07	218.07
South Hanningfield	94,000	47	94,047	186.66	22.05	208.71	77.04	285.75	190.71	23.94	214.65	190.71	23.94	214.65	214.65	214.65
South Woodham Ferrers	442,251	222	442,473	186.66	27.09	213.75	72.63	286.38	190.71	29.34	220.05	190.71	29.34	220.05	220.05	220.05
Springfield	207,809	-61	207,748	186.66	39.24	225.90	71.55	297.45	190.71	42.66	233.37	190.71	42.66	233.37	233.37	233.37
Stock	51,639	-24	51,615	186.66	21.87	208.53	41.94	250.47	190.71	23.85	214.56	190.71	23.85	214.56	214.56	214.56
West Hanningfield	30,474	-4	30,470	186.66	22.05	208.71	56.52	265.23	190.71	24.03	214.74	190.71	24.03	214.74	214.74	214.74
Woodham Ferrers & Bicknacre	100,377	-3	100,374	186.66	22.32	208.98	79.74	288.72	190.71	24.12	214.83	190.71	24.12	214.83	214.83	214.83
Writtle	159,609	-19	159,590	186.66	4.14	190.80	78.84	269.64	190.71	4.05	194.76	190.71	4.05	194.76	194.76	194.76
City Centre (Non-Parished Area)				186.66	38.79	225.45	0.00	225.45	190.71	42.21	232.92	190.71	42.21	232.92	232.92	232.92
TOTALS	3,244,236	280	3,244,516						0	0	0					
AVERAGE						215.08	45.85	260.93					221.52			

Section 10 Revenue Budget

Revenue Service Budgets

This section contains:

1. Subjective Analysis of the Council Revenue Budget (**Table 23**)
2. A summary of the budget (**Table 24**)
3. Service Budgets (Expenditure and Income) for 2024/25 (**Table 25**)

Table 23 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

2022/23 Actual £000s		2023/24 Original £000s	2024/25 Estimate £000s
	EXPENDITURE		
37,394	Employees - Salaries	39,560	41,302
209	Employees - Other	232	223
8,978	Premises	10,810	11,026
13,356	Supplies and Services	12,203	18,735
2,509	Transport and Plant	2,433	2,373
2,239	Third Party Payments	2,061	2,394
32,191	Benefit Payments	34,704	35,377
96,876	TOTAL CONTROL EXPENDITURE	102,003	111,429
	INCOME		
-32,650	Government Grants	-33,426	-31,780
-4,635	Other Grants and Reimbursements	-3,784	-4,241
-1,676	Sales	-1,534	-1,773
-23,767	Fees and Charges	-25,944	-28,512
-9,185	Rents	-8,918	-14,350
-1,706	Other	-2,106	-1,725
-73,620	TOTAL CONTROL INCOME	-75,711	-82,380
23,256	NET CONTROL EXPENDITURE	26,291	29,049
	INTERNAL RECHARGES		
26,538	Service Management and Overheads	27,944	29,322
-26,540	Recharges	-28,139	-29,551
-3		-195	-229
23,254	SERVICE EXPENDITURE	26,096	28,820
	OTHER ITEMS		
-1,867	Interest Receivable & Investment Income	-1,290	-1,010
664	Interest Payable & MRP	1,304	1,990
-2,500	Net Business Rate Retention Impact	-500	-2,250
1,351	Direct Revenue Financing of Capital	-	316
-3,563	New Homes Bonus & Other Govt Grants	-3,646	-3,911
-5,916		-4,132	-4,865
	USE OF RESERVES AND BALANCES		
575	Contributions - from / to Earmarked Reserves	-2,608	-2,727
196	Contributions - from / to Un-Earmarked Reserves	-624	-1,648
771		-3,232	-4,375
18,110	BUDGET REQUIREMENT	18,732	19,580
	LESS GOVERNMENT SUPPORT		
-3,408	Collection Fund (Surplus) / Deficit	-3,706	-3,889
-53		193	156
14,650	CALL ON COLLECTION FUND 51	15,219	15,847

TABLE 24 - SUMMARY OF REVENUE ESTIMATES

2023/24 Original Estimate £'000	Original Estimates 2024/25	2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
354	Chief Executive	424	0	424
11,030	Connected Chelmsford	46,438	-35,191	11,246
169	Fairer Chelmsford - CDRM	524	-314	210
-445	Fairer Chelmsford	19,007	-15,128	3,879
2,763	Finance and Audit	2,287	-13	2,274
-1,676	Growing Chelmsford	7,723	-10,886	-3,163
12,984	Greener & Safer Chelmsford	25,142	-11,829	13,313
1,113	Active Chelmsford	9,886	-9,020	866
26,292	Service Expenditure	111,431	-82,381	29,049
	Other General Fund Items			
-195	- Charges to SEPP			-229
-1,290	- Interest Income			-1,010
1,304	- Minimum Revenue Provision & Interest Paid			1,990
0	- Revenue Funding of Capital			316
-3,646	- Other Grants (including New Homes Bonus, Section 31 Grants)			-3,910
-500	- Net Impact of Business Rates Retention Scheme			-2,250
	Earmarked Reserves			
-2,608	- Contributions to / -use of Other Earmarked reserves			-2,727
19,357	Net Expenditure			21,229
-624	Contribution to / -from Balances			-1,648
18,733	Budget Requirement			19,580
-3,707	Baseline Retained Business Rates			-3,889
193	Council Tax -Surplus/+Deficit			156
15,219	Income from Council Tax			15,847

Table 25 COUNCIL SERVICE BUDGETS

CHIEF EXECUTIVE

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
354	CHIEF EXECUTIVE	424	-	424
354		424	0	424
354		424	0	424

CONNECTED CHELMSFORD

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
287	DIRECTOR OF CONNECTED CHELMSFORD	296	-	296
287	DIRECTOR OF CONNECTED CHELMSFORD	296	0	296
3,183	DIGITAL SERVICES	3,513	-57	3,456
3,183	DIGITAL SERVICES	3,513	-57	3,456
797	MARKETING AND COMMUNICATIONS TEAM	820	-	820
861	CUSTOMER SERVICES	904	-8	896
1,658	MARKETING & COMMUNICATION	1,724	-8	1,716
783	HUMAN RESOURCES	846	-51	796
171	HUMAN RESOURCES	185	-4	182
955	PAYROLL	1,032	-54	978
945	LEGAL & DEMOCRATIC SERVICES	1,242	-158	1,084
557	LEGAL AND DEMOCRATIC SERVICES	260	-2	257
893	ELECTIONS	822	-	822
2,395	DEMOCRATIC SERVICES	2,323	-160	2,163
174	PROCUREMENT, RISKS & INSURANCE	175	-	175
290	PROCUREMENT	290	-	290
143	VOLUNTARY GRANTS	146	-	146
4	INSURANCE & RISK	-	-	-
611	FRAUD INVESTIGATIONS	612	0	612
1,158	BENEFITS & REVENUES	2,458	-1,182	1,276
-287	REVENUES & BENEFITS	30,574	-30,741	-167
871	HB SUBSIDY	33,032	-31,922	1,110
105	CULTURE	444	-363	81
103	CULTURE	2,435	-2,414	21
862	THEATRES	1,027	-213	814
1,070	MUSEUM	3,906	-2,990	916
11,030		46,438	-35,191	11,246

Please note the figures are not rounded in table 25.

FAIRER CHELMSFORD - CDRM

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
169	CORPORATE MANAGEMENT & DEMO. REPRESENT.	524	-314	210
169		524	-314	210
169		524	-314	210

FAIRER CHELMSFORD

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
-3,995	PROPERTY SERVICES			
475	PROPERTY HOLDINGS	725	-3,838	-3,112
-3,521	PROPERTY - SUPPORT SERVICES	546	-5	541
		1,271	-3,843	-2,572
2,324	HOUSING SERVICES			
513	STRATEGIC HOUSING	2,033	-1,615	418
55	TEMPORARY ACCOMMODATION	15,494	-9,659	5,835
184	HOUSING NEEDS	33	-11	22
3,075	STRATEGIC HOUSING - RENT DEPOSIT SCHEME	175	-	175
-445		17,736	-11,285	6,450
		19,007	-15,128	3,879

FINANCE & AUDIT

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
-	DIRECTOR OF FINANCIAL SERVICES			
1,474	FINANCE MANAGER	-	-	-
1,474	FINANCE CM & DRM	969	-10	959
		969	-10	959
1,088	ACCOUNTANCY, SYSTEMS & EXCHEQUER			
1,088	ACCOUNTANCY	1,110	-2	1,108
		1,110	-2	1,108
201	AUDIT			
201	INTERNAL AUDIT	207	-	207
2,763		2,287	-13	2,274

GROWING CHELMSFORD

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
685	DEVELOPMENT MANAGEMENT			
-94	DEVELOPMENT MANAGEMENT	2,041	-1,816	226
591	LOCAL LAND CHARGES	151	-241	-89
		2,193	-2,056	137
576	ECONOMIC DEVELOPMENT AND IMPLEMENTATION			
576	ECONOMIC DEVELOPMENT & IMPLEMENTATION	827	-345	482
		827	-345	482
68	BUILDING CONTROL			
68	BUILDING CONTROL	586	-430	156
		586	-430	156
872	PLANNING POLICY			
872	PLANNING POLICY	1,319	-518	801
		1,319	-518	801
-3,908	CAR PARK OPERATIONS			
153	CAR PARKS	2,304	-7,227	-4,924
-27	PARKING SUPPORT	173	-	173
-3,782	PARK AND RIDE	321	-310	11
-1,676		2,798	-7,537	-4,740
		7,723	-10,886	-3,163

GREENER & SAFER CHELMSFORD

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
OPERATIONS				
2,264	WASTE & GARDEN COMPOSTING	2,992	-603	2,389
-495	TRADE WASTE	1,151	-1,592	-441
1,103	RECYCLING - MRF, GENERAL & FOOD	4,724	-3,678	1,046
431	VEHICLE MAINTENANCE WORKSHOP	536	-81	455
3,303		9,403	-5,954	3,449
STREET CARE AND PERFORMANCE				
201	PUBLIC CONVENIENCES	212	-	212
78	MARKET	548	-489	59
1,824	STREET CLEANING	1,859	-89	1,770
65	STREET SERVICES	101	-34	68
177	LOVE YOUR CHELMSFORD	191	-	191
363	FREIGHTER HOUSE DEPOT	389	-9	380
1,125	FREIGHTER HSE CUSTOMER & BUSINESS SUPP	1,132	-	1,132
3,832		4,432	-621	3,811
BUILDING SERVICES				
538	BUILDING SERVICES - SUPPORT	590	-	590
1,556	BUILDING SERVICES - PROPERTIES	1,565	-186	1,379
272	ENERGY & CONTRACT MANAGEMENT	283	-	283
2,366		2,438	-186	2,251
PUBLIC HEALTH AND PROTECTION SERVICES				
96	HIGHWAYS	96	-	96
-4	SCIENTIFIC	41	-46	-4
-215	LICENSING	203	-426	-223
26	BUSINESS COMPLIANCE	51	-9	42
33	PUBLIC HEALTH PROTECTION	42	-8	33
28	HEALTH & SAFETY	30	-	30
15	PEST CONTROL	32	-18	14
1,438	PUBLIC HEALTH & PROTECTION SUPPORT	1,656	-99	1,557
329	CCTV	394	-58	336
115	COMMUNITY SAFETY	153	-29	123
-7	HOUSING STANDARDS	31	-41	-10
0	ANIMAL WELFARE	16	-16	-0
1,852		2,744	-749	1,994
PARKS AND GREEN SPACES				
-9	ALLOTMENTS	20	-28	-9
623	PARKS & HERITAGE CUSTOMER & BUSINESS SUP	649	-	649
-244	HYLANDS PARK & ESTATE	145	-427	-282
131	PARKS GARDENS & RECREATION GROUNDS	150	-49	101
135	PLAY AREAS	136	-	136
-65	PARKS EVENTS & ACTIVITIES	1	-75	-74
22	OUTDOOR SPORTS & PLAYING FIELDS	375	-378	-3
120	TREE INSPECTION & MAINTENANCE	124	-4	120
-4	NATURAL & GREEN SPACE, COMMON	17	-14	3
5	AMENITY GREEN SPACE& GREEN INFRASTR	184	-185	-1
2,498	GROUND MAINTENANCE OPERATIONS	3,268	-450	2,818
212	GROUND MAINTENANCE - CREMATORIUM	221	-	221
-1,793	CEMETERY AND CREMATORIUM	838	-2,709	-1,872
1,632		6,126	-4,319	1,807
12,984		25,142	-11,829	13,313

ACTIVE CHELMSFORD

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
LEISURE AND HERITAGE SERVICES				
-6	DOVEDALE SPORTS CENTRE	244	-219	25
337	CHELMSFORD SPORTS AND ATHLETIC CENTRE	1,161	-786	375
408	RIVERSIDE ICE AND LEISURE	5,178	-5,411	-234
319	SOUTH WOODHAM FERRERS LEISURE CENTRE	1,318	-955	363
-420	CULTURAL EVENTS	-	-85	-85
294	COMMUNITY SPORTS & WELLBEING	401	-113	287
181	HYLANDS HOUSE & VISITORS CENTRE	1,586	-1,450	135
1,113		9,886	-9,020	866
1,113		9,886	-9,020	866

Section 11 Capital Budget

Capital Budgets

This section contains:

- Revisions to Existing Approved Capital Schemes – Details in **Table 26** and **Table 27**
- Revisions to the Asset Replacement Programme 2023/24 and proposals for new budgets for 2024/25 and 2025/26 – Details in **Table 28** and **Table 29**
- The proposal to use £595k of neighbourhood CIL to fund schemes to reduce the impact of capital financing on the revenue budget – Details in **Table 30**

Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in **Table 28** reflect the latest estimated cost information. In addition to Project Officers monitoring the current schemes, a full review of the schemes in the programme which have not yet commenced was also undertaken by Management Team. The premise of this review was to delay or remove as much of the capital programme as possible to reduce the ongoing pressure on the revenue budget of the financing costs of the capital programme. The results of the review, a reduction of £14.7m, has been endorsed by Informal cabinet and are detailed in **Table 28 and 29**. The total estimated cost of the programme is £117.804m.

A summary of variations for the current approved total scheme costs across all years is a net reduction of £16.264m which includes the £14.7m mentioned in the paragraph above. Details of the £16.264m net reduction are shown in **Table 26** with further details in **Table 27** where those variations are more than £25k. Schemes removed following the review will be included on the Council's Aspirations list of schemes which will be kept under review for consideration as to whether they will be added back into the programme as the schemes become affordable.

Capital scheme costs have not always been assessed and approved on the latest costs and there is a risk that they could increase above estimates when tenders are undertaken. Before commencing, schemes should be reviewed for affordability and outcomes and referred for additional approval where necessary. A review of any un-started capital schemes will be undertaken during 2024/25.

Asset Replacement Programme

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

Previously, asset replacements have been approved one year at a time. This year, Council are requested to approve the latest forecast cost of the current year plus two additional years (2024/25 and 2025/26). This will enable more flexibility for the service to order assets with long lead in times (some specialist vehicles can have a year lead in time for delivery).

An estimated overall cost of the asset replacement programme will be kept under review for future years for forward planning purposes to enable the monitoring of the resource position.

All Service Managers were requested to challenge the need for scheduled replacements to take place, with a view to either removing or delaying the spend. Section 6 highlighted the requirement for borrowing against short term assets due to be purchased in 2024/25 and the impact on the revenue budget of borrowing against short life assets.

Asset Replacements

Table 28 provides details of the asset replacement programme. It shows the forecast cost for three years, 2023/24, 2024/25 and 2025/26. The current approved budget for 2023/24 is £5.456m. The forecast for 2023/24, 2024/25 and 2025/26 was £15.319m. Approval is now sought for all three years and is forecast as a total of £17.221m. This is a net increase to the previously forecast spend for the same period of £1.9m.

Table 29 provides further details for those variations more than £25K over the three-year period.

Capital and Revenue Resources

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

The Capital, Treasury Management and Investment Strategies 2024/25 identifies the capital resources position and the Prudential Indicators. The Medium-Term Financial Forecast, in **Section 7**, identifies the revenue budget position allowing for financing costs.

Table 26

CAPITAL SCHEMES		VARIATION IN TOTAL CAPITAL SCHEME COSTS								
		Latest Approved Budget - Approved July 2023 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval					
Spend to 31st March 2023	SCHEME DESCRIPTION	Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		£000s	£000s	£000s	£000s	£000s				
	Active									
22	1 Riverside Elevations	2,000		2,000	-1,978	22	Removed - reduces financing cost	Budget Provision Removed	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme. October 2023 scheme review Management Team and Informal Cabinet and provision to be removed. Existing spend to be transferred to revenue.	
	2 Dovedales - Grant for Works	28	-2	26		26		Deferred	Approved at Council February 2020 and programmed for 2020/21. To be reviewed with potential refurbishment scheme in 2024/25.	
46	3 Dovedales Sports Centre Refurbishment	1,464		1,464		1,464		Deferred to 2025/26 - reduces loss of interest on use of CIL	Scheme under review	Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford. October 2023 scheme deferred to 2025/26 although work will progress on design.
73	4 Chelmsford Sports and Athletics Centre - Outdoor Track and External Upgrades	350		350	-35	315			Yes	£350k approved at Cabinet October 2022. To be funded from £300k S106.
	5 Chelmsford Sports and Athletics Centre - Gym Improvements	168		168	13	181			Yes	Approved by Council February 2023. Delegated authority to 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. Scheme delegation signed and works progressing.
	6 South Woodham Ferrers Pool Works and Plant	275		275		275		Deferred to 2025/26 - delays impact of financing cost	No - Agreed to Defer	Approved at Council February 2023. Scheduled for 2024/25. October 2023 Scheme deferred to 2025/26 pending outcome of application for Sport England Funding.
	7 Hylands House Stable Block Toilets	44		44	16	60			Deferred to 2024/25 - delays impact of financing cost	Agreed to Defer to 2024/25
	Connected Chelmsford									
3,133	8 Theatres' Modernisation	1,000	2,246	3,246		3,246	Deferred to 2026/27 - delays impact of financing cost	Main works complete - ongoing snagging and final account to be agreed	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.	
	9 Oaklands Museum Staff Room and Kitchen Refit	24		24		24		No - Agreed to Defer to 2026/27	Approved by Council February 2023 and scheduled for 2024/25. October 2023 following review rephased to 2026/27	
	Fairer Chelmsford									
161	10 Land Development Site Investigations	365		365	50	415		Programme of works to be determined	Approved Cabinet November 2021.	

Spend to 31st March 2023	SCHEME DESCRIPTION	Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		£000s	£000s	£000s	£000s	£000s				
561	11 Various Land Sites' Disposal Costs	612	255	867		867	Removed to aspirational - reduces impact of financing cost	Under review	Approved Council February 2022. Delegated authority to the director to spend within the approved budget. Additional budget approved £120k February 2023 Council. Council report in July decision taken to transfer some smaller sites rather than develop in house, therefore prior spend will need to be transferred to revenue.	
2,577	12 Enabling Lockside Growth Area+CI I	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. October 2023 delay in purchase of properties now delayed until 2024/25.	
1,592	13 Apiary Yard (Galleywood Hall) Development Industrial Units	1,200	432	1,632		1,632		Main Works completed	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.	
	14 Land Acquisition Cemetery/Crematorium	1,800	4,200	6,000	-2,000	4,000		To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council. October 2023 Potential site identified, surveys for suitability being undertaken, budget adjusted for estimated cost of land.	
	15 High Chelmer Roof	1,500		1,500	-1,500	0		Removed to Aspirational	Approved at Council February 2020 and programmed for 2021/22. These works have now been programmed to commence in 2026/27. October 2023 review has resulted in budget being removed.	
962	16 Refurbishment of Commercially Leased Properties	720	1,480	2,200		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. Urgency approved November 2022.	
6,629	17 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisition 20 x Houses	8,200		8,200	-1,106	7,094		Unspent budget to be pooled for future Housing Initiatives	Remaining budget removed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Budget for purchase of 20 houses. 17 properties purchased remaining budget deferred to 2023/24.
	18 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Modular Units	3,510		3,510	-3,510	0		Unspent budget to be pooled for future Housing Initiatives	Budget Removed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford.
515	19 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Hostel Expansion	325	190	515		515			Completed	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. Additional £40k approved for Hostel expansion Cabinet November 2022.

Spend to 31st March 2023	SCHEME DESCRIPTION	Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		£000s	£000s	£000s	£000s	£000s				
142	20 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Development	1,900	0	1,900	-1,648	252	Unspent budget to be pooled for future Housing Initiatives	Remaining budget removed	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2024/25. Provision for development Railway Street. July 2023 decision to transfer site rather than develop in house. Previous spend will need to be transferred to revenue.	
	21 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	2,000		2,000	-700	1,300		Unspent budget to be pooled for future Housing Initiatives	Approved at Council February 2020. Delegated authority to Cabinet. Report taken to Council in July and £1.3m budget approved to purchase land for affordable housing.	
	22 Housing Initiatives Future schemes to be developed			0	6,964	6,964		New pooled provision for future housing initiative	Business Case to be Developed	October 2023 - Review of housing delivery being undertaken. All unallocated/unspent housing initiatives budgets have been pooled into one single pot which will be used to assist in the delivery of any new policy determined from the review to assist in the delivery of temporary accommodation.
	23 Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	1,643	-1,300	343	-25	318		Dependent on Third party	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. £318k grant for CHP approved by delegation. This budget has been removed and the S106 funding redirected to the purchase of land for affordable housing.	
1,890	24 Drakes' Lane Travellers Site	1,950	-60	1,890	4	1,894		Completed	Approved by Urgency March 2021.	
	Greener and Safer Chelmsford									
	25 Cemetery and Crematorium Infrastructure	6,800		6,800		6,800	No further spend until 2024/25	Business Case to be Developed	Approved Council February 2020 with a delegation for Cabinet to approve a final scheme.	
	26 Cemetery Toilet Refurbishment	86		86		86		No agreed to defer to 2023/24	Approved at Council February 2022. Delegated authority to Director to spend within approved budget.	
	27 Cemetery Lining of Foul Water Drain	29		29		29		Yes	Approved at Council February 2023. Scheduled for 2023/24.	
	28 Crematorium Office Pyramid Roof	18		18		18		Yes	Approved at Council February 2023. Scheduled for 2023/24.	
	29 Civic Offices Improvement Programme	460		460	31	491		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. October 2023 £31k viated from replacement scheme.	
145	30 Community Flood Improvements	184		184	1	185		Works Completed Monitoring to continue	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.	
	31 Beaulieu Park Pavilion Refurbishment	57		57		57		No	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2025/26.	
	32 Chancellor Park Pavilion Works	46		46		46		No - deferred to 2024/25	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2023/24.	

Spend to 31st March 2023 £000s	SCHEME DESCRIPTION	Original Approved Scheme Budget £000s	Additional/Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budgets £000s	Proposed Budget £000s	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
	33 Beaulieu Pavilion Health and Safety Works	33		33		33		No	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.
	34 Oaklands Park Upgrade Tennis Courts	91	86	177	4	181		No	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget. Additional £86k budget approved February Council 2023 funded by contribution. Scheme has been amended from MUGA to upgraded tennis courts.
	35 Rivers and Waterways Improvements	600	-107	493		493		No - Scheme to be developed	Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Originally programmed over 3 years commencing 2021/22.
46	36 Automatic Floodgates and Provision of Locks - Feasibility		107	107		107		No	Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements.
70	37 Mass Tree planting and Woodland Creation	4,400	-124	4,276	-2,626	1,650		Reviewed spend and phasing. Budget required reduced as opportunity to acquire 30 hectares of land at lower cost than forecast. Assumption was previously based on external funding of £2m. This assumption now removed which will have the impact of increasing financing costs.	Reviewed Annually
	38 Green Initiatives Phase 1	500	-145	355		355		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. £102k vired towards cost of electric vehicle - approved February 2023. October 2023 £43k vired to fund additional cost of electric sweepers.
	39 Green Initiatives Fund Phase 2	6,500		6,500	-3,100	3,400	Reviewed and reduced budget based on affordability. The impact of this is a reduced financing cost	Business Cases to be Developed	Approved in principal Council Feb 2023 with delegated authority is given to the Director of Public Places, who after consultation with the Cabinet Member for Safer Chelmsford, will agree on the 6 year programme commencing 2024/25 for various schemes which will help the organisation achieve its objective of being Net Zero Carbon by 2030 and to ensure the spend is within the approved budgets. October 2023 Programme reviewed for affordability, budget reduced.

Spend to 31st March 2023	SCHEME DESCRIPTION	Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		£000s	£000s	£000s	£000s	£000s				
9	40 CIL Landscape Enhancement Scheme Chignal Road	11		11		11	Deferred to 2026/27 - delays impact of financing cost	Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.	
533	41 Chelmsford Indoor Market Refurbishment	500	100	600		600		Indoor works completed. Outdoor works deferred to 2024/25	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.	
	42 Retail Market Drainage Improvements	31		31		31		Deferred to 2024/25	Approved by Council February 2022. Delegated authority to Director to spend within approved budget.	
	43 Retail Market Traders' Conveniences Remodelling	102		102		102		Agreed to defer to 2026/27	Approved Council February 2023. Scheduled for 2023/24. October 2023 reviewed and deferred to 2026/27.	
	44 Market Road Conveniences Accessibility	20		20		20		Yes	Approved by Council February 2023. Scheduled for 2023/24.	
	45 Public Convenience Refurbishment - Admirals and Central Park	168		168		168		Yes	Approved by Council February 2023. Two year programme scheduled to commence 2023/24.	
	46 Freighter House Depot Resurfacing Works	216		216		216		Yes	Approved at Council February 2023. Five year programme scheduled to commence 2024/25.	
	Sustainable Development									
103	47 Chelmsford Flood Resilience Programme	4,833	0	4,833		4,833		Deferred start of scheme to 2026/27 - delays impact of financing costs	Business case to be developed	This is the unspent budget from the withdrawn Environment Agency (EA). A new programme of works will be brought back to Cabinet at a later date. Agreement for S106 grants to be paid over to the EA.
32	48 Public Realm Wayfinding Signs Phase 3	150		150		150			No	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC to approve scheme.
4,388	49 Public Realm Tindal Square Design and Construction	160	4,228	4,388	339	4,727		Completed - final account for works still to be agreed	Approved at Council February 2018. The design works were completed 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. Additional funding from ECC £450k.	

Spend to 31st March 2023		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
7,217	50 Chelmer Waterside Infrastructure (HIF) - Grant Funded	15,500	28,130	43,630		43,630		No	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £1.1m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. £375k approved July 2022. Council for increased design fees and appointment of Project Manager. As noted on previous reports to Cabinet and Council, the cost of scheme is expected to increase significantly above the approved budget. A £9m increase was previously discussed and officers believe it may be materially higher when a report is made Council in July for a decision as to how to progress the works. An additional £16.410m was approved by Council in July 2023.
1,461	51 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	52 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.
24	53 S106 Stonebridge Illuminations	37	6	43		43		No	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.
2	54 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.
45	55 S106 Public Art Channels	21	79	100		102		No	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021.
	56 S106 Marconi Water Tower					30			
	57 CIL Sutherland Lodge Refurbishment	525		525		525		Business case Currently being reviewed	Approved Council July 2017.
	58 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.
62	59 CIL Integrated Cycling Infrastructure Grant	100		100		100		No	CIL funding approved at meeting of the CIL Panel 23/1/2020.
	60 CIL Trinity Road School Improvements	950		950		950		Dependent on Third party	Approved at Council February 2021
	61 CIL Grant Chelmsford Society Model Engineers	5		5		5		No - dependent on Third party	CIL funding approved December 2021. Spend approved Council February 2022.

Spend to 31st March 2023		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
	62 CIL Knife Angel Legacy Public Art				10	10	Removed to aspirational - removes impact of loss of interest on use of CIL alternatively frees up CIL to be used for Waterside to remove need to borrow	No - dependent on Third party	CIL funding agreed
17	63 CIL Green Initiatives - Various Schemes	15	17	32		32		No - dependent on Third party	£100k CIL funding approved December 2021 for green initiatives grant funding. Spend approved Council February 2022. £100k pot is drawn down following approval of applications for funding.
	64 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.
	65 CIL Army and Navy Contribution to ECC	4,000		4,000	-4,000	0		Scheme removed	Approved Council July 2022. October 2023 Review resulted in budget provision being removed and scheme to be included on future aspirations schedule
	66 CIL ECC East Chelmsford Cycling and Walking Connectivity	1,500		1,500	-1,500	0		Scheme removed	Approved Council July 2022. October 2023 Review resulted in budget provision being removed and scheme to be included on future aspirations schedule
20	67 UK Shared Prosperity Fund - Various Grant Funded Schemes	346		346		346		Yes	Approved by Council February 2023. Three year funded programme commenced 2022/23.
	68 Rural England Prosperity Fund- Supporting Businesses and Communities	400		400		400		Yes	Approved by Council February 2023. Two year funded programme commencing in 2023/24.

Spend to 31st March 2023		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
	69 Garden Communities Infrastructure Fund		290	290		290		Dependent on Third parties	Various schemes will be grant funded
	70 High Chelmer Car Park Lifts	355		355		355		Yes	Approved by Council February 2023. Scheduled for 2025/26.
	71 High Chelmer car Park Waterproofing Levels	500		500		500		Brought Forward to 2024/25	Approved by Council February 2023. Scheduled for 2025/26. Works have become urgent and needs to be rescheduled to 2024/25.
35,201	Grand Total	86,384	47,684	134,068	-16,264	117,804			
				Net Variation	-16,264				
						£000's			
				Latest Approved Council July 2023		139,169			
				Supplementary Estimates Approved for Existing Schemes		-43			
				Completed schemes removed		-5,058			
				Total Approved Budget		134,068			
				<u>Latest Forecast Variations shown above</u>					
				Increased Budgets Require Approval by Council		459			
				Increased Budgets Require Approval Funded		10			
				Decreased budgets		-2,060			
				Decreased Budgets MT/Informa Cabinet Review		-14,704	see comments above		
				Virement From Capital Replacement		31			
				Latest Forecast Budget December 2023		117,804			

Table 27

Capital Schemes Reasons for Variations Greater Than £25,000					
Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Reason
4 Chelmsford Sports and Athletics Centre - Outdoor Track and External Upgrades	350	315	-35	Reduced Budget	Scheme completed and has resulted in an underspend
10 Land Development Site Investigations	365	415	50	Increased budget	Service manager has requested additional budget to complete site investigations. This may need to transfer to revenue depending on the outcome of the investigations and future decisions taken in relation to the sites
14 Land Acquisition Cemetery/Crematorium	6000	4000	-2000	Reduced Budget	A potential site has been identified and the cost of acquisition is forecast to be lower than the budget therefore forecast reduced. If the site is not suitable the original budget may be required
23 Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	343	318	-25	Reduced Budget	Budget not required
29 Civic Offices Improvement Programme	460	491	31	Virement from replacement programme	Virement from replacement budget for replacing floors as not required
49 Public Realm Tindal Square Design and Construction	4388	4727	339	Increased Budget	Although scheme complete still negotiating over the final account. Overspend allocated additional CIL funding
56 S106 Marconi Water Tower	0	30	30	Increased budget fully funded	Proposal to acquire tower for community use. S106 identified for funding.
Variations resulting from Management Team and Informal Cabinet Review - Details shown on Table 26					
1 Riverside Elevations	2000	22	-1978	Reduction in budget	Removed from programme
37 Mass Tree planting and Woodland Creation	4276	1650	-2626	Reduction in budget	Removed from programme
39 Green Initiatives Fund Phase 2	6500	3400	-3100	Reduction in budget	Removed from programme
15 High Chelmer Roof	1500	0	-1500	Reduction in budget	Removed from programme and included on Aspirations List
65 CIL Army and Navy Contribution to ECC	4000	0	-4000	Reduction in budget	Removed from programme and included on Aspirations List
66 CIL ECC East Chelmsford Cycling and Walking Connectivity	1500	0	-1500	Reduction in budget	Removed from programme and included on Aspirations List

TABLE 28 -3 YEAR CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME 2023/24 - 2025/26

CAPITAL ASSET REPLACEMENT PROGRAMME	2023/24			2024/25			2025/26			Total for 3 Year period		
	Latest Approved Budget for 2023/24	Variance for 2023/24 + Cost / - Saving	Total Forecast 2023/24	Original Forecast 2024/25	Variance for 2024/25 + Cost / - Saving	Total Proposed Budget 2024/25	Original Forecast 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget for 2025/26	Original Forecast for 2023/24 to 2025/26	Variance for period + Cost / - Saving	Current Forecast for 2023/24 to 2025/26
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Active Chelmsford												
1 Dovedales Replacement Equipment	17	-10	7	144	-130	14		140	140	161	0	161
2 Riverside Replacement Equipment	145	-46	99	95	53	148	57	2	59	297	9	306
3 Riverside Plant	61	-29	32	10	110	120	35	48	83	106	129	235
4 CSAC Replacement Equipment	64	-32	32	27	32	59	6	-3	3	97	-3	94
5 CSAC Expansion Fitness Room Equipment	105		105			0		45	45	105	45	150
6 CSAC Plant	37	-31	6	10	25	35	5		5	52	-6	46
7 SWFLC Replacement Programme	20	-14	6	14	14	28			0	34	0	34
8 SWFLC Plant Replacement	19	-19	0	20	48	68	18		18	57	29	86
9 SWF 3G Pitch			0	22		22	400	0	400	422	0	422
10 Hylands House Mechanical and Electrical	37	-31	6	25	11	36	25	0	25	87	-20	67
11 Hylands Pavilion Infrastructure			0		6	6			0	0	6	6
12 Hylands Pavilion Skins and Linings	73		73			0			0	73	0	73
13 Hylands Pavilion Equipment	15		15	45		45	79	5	84	139	5	144
14 Hylands House Equipment	5	4	9	35	26	61			0	40	30	70
Connected Chelmsford												
15 Digital Services Replacement Programme	671	-67	604	38	-28	10	21	10	31	730	-85	645
16 Digital Storage			0	16	-16	0	59	9	68	75	-7	68
17 Digital Servers	70	-51	19			0		48	48	70	-3	67
18 Meeting Room Digital Equipment	57		57			0	69	-69	0	126	-69	57
19 Website Upgrade	11	-8	3	0	8	8	139	-139	0	150	-139	11
20 System Upgrade	100	-100	0	9		9			0	109	-100	9
21 System Security	20	-20	0	20		20	20	-20	0	60	-40	20
22 Networks	134		134			0	118		118	252	0	252
23 Investment in Digital Technology - DPO	360	-200	160	15	200	215			0	375	0	375
24 Theatres' Equipment		15	15	220	180	400	51	691	742	271	886	1,157
25 Theatres' Plant		0	0		16	16		6	6	0	22	22
26 Museum Equipment and Vehicles	10	0	10	42	-40	2	18	42	60	70	2	72
27 Museum Platform Lift	12		12			0			0	12	0	12
28 Civic Duties Vehicle	25		25	67		0			0	25	0	25

Variations in excess of £25k see Table 23

CAPITAL ASSET REPLACEMENT PROGRAMME	2023/24			2024/25			2025/26			Total for 3 Year period		
	Latest Approved Budget for 2023/24	Variance for 2023/24 + Cost / - Saving	Total Forecast 2023/24	Original Forecast 2024/25	Variance for 2024/25 + Cost / - Saving	Total Proposed Budget 2024/25	Original Forecast 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget 2025/26	Original Forecast for 2023/24 to 2025/26	Variance for period + Cost / - Saving	Current Forecast for 2023/24 to 2025/26
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fairer Chelmsford												
No Schemes			0			0			0	0	0	0
Greener & Safer Chelmsford												
29 CCTV Replacement Equipment	26	-6	20	243	-207	36	39	197	236	308	-16	292
30 CCTV Various Schemes Sites CIL	3		3			0			0	3	0	3
31 CCTV Home Office GRIP Funded		4	4			0			0	0	4	4
32 Crematorium Equipment	61	-21	40	55	30	85	222		222	338	9	347
33 Crematorium Columbarium	14		14	14		14			0	28	0	28
34 Cemetery Plant	10		10			0			0	10	0	10
35 Civic Centre Heating			0			0	32		32	32	0	32
36 Civic Centre Plant	3	-1	2			0	17		17	20	-1	19
37 Civic Centre Floor Replacements	31	-31	0			0			0	31	-31	0
38 Print and Post Room Replacement Equip.			0	5		5	14		14	19	0	19
39 Play Area Replacements		8	8	317	21	338	272		272	589	29	618
40 Sports Equipment, floodlights, Irrigation			0			0			0	0	0	0
41 Parks and Sports Grounds Heating Systems	12		12	43	-43	0		43	43	55	0	55
42 Parks Replacement Vehicles and Equipment	774	-441	333	270	458	728	129	102	231	1,173	119	1,292
43 Melbourne 3G Pitch	4	-4	0	12	-8	4		12	12	16	0	16
44 Waterhouse Lane Depot Heating	3		3			0			0	3	0	3
45 PHPS Vehicles and Electric Chargers		0	0			0			0	0	0	0
46 PHPS Air Monitoring Equipment	70	-70	0		70	70			0	70	0	70
47 Street Lighting	40	-10	30		10	10	21		21	61	0	61
48 Scootas for the Disabled			0	23		23	3	0	3	26	0	26
49 Town Centre Bins			0	32	-32	0		32	32	32	0	32
50 Retail Market Equipment	6	-6	0		6	6			0	6	0	6
51 Retail Market Plant	13	-13	0			0			0	13	-13	0
52 Depot Telescopic Front loader	70	-70	0		93	93			0	70	23	93
53 Route Optimisation System			0	5	-5	0			0	5	-5	0
54 Freighter House Plant			0			0	11		11	11	0	11

CAPITAL ASSET REPLACEMENT PROGRAMME	2023/24			2024/25			2025/26			Total for 3 Year period		
	Latest Approved Budget for 2023/24	Variance for 2023/24 + Cost / - Saving	Total Forecast 2023/24	Original Forecast 2024/25	Variance for 2024/25 + Cost / - Saving	Total Proposed Budget 2024/25	Original Forecast 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget 2025/26	Original Forecast for 2023/24 to 2025/26	Variance for period + Cost / - Saving	Current Forecast for 2023/24 to 2025/26
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
55 Vehicle Wash			0	100	70	170			0	100	70	170
56 Street Cleansing Vehicles	481		481	275	64	339	271		271	1,027	64	1,091
57 Street Cleansing Dog Litter van			0			0			0	0	0	0
58 Street Cleansing Crane Vehicle	76	12	88			0			0	76	12	88
59 Street Cleansing Gully Emptier			0			0	135		135	135	0	135
60 Wet Team Equipment	80	5	85	89	2	91			0	169	7	176
61 Hit Squad Replacements	112		112			0			0	112	0	112
62 Refuse Vehicles	516	-45	471	75		75	1,112	83	1,195	1,703	38	1,741
63 Vehicle Maintenance	53	-53	0	23	56	79		6	6	76	9	85
64 Recycling Vehicles	100	-100	0	401	125	526	878	16	894	1,379	41	1,420
65 Recycling MRF	30		30	25	-5	20			0	55	-5	50
66 Food Vehicles			0	278	0	278			0	278	0	278
67 Prov. for Replacement with Electric Veh.	170	-170	0		100	100		70	70	170	0	170
68 Healthy Home Loans		5	5			0			0	0	5	5
69 Discretionary Loans DFG Funded			0			0			0	0	0	0
70 RIA Loans DFG Funded		2	2			0			0	0	2	2
71 RIA Grants DFG Funded		1	1			0			0	0	1	1
72 Disabled Facility Grants (fully externally funded)	600	455	1,055	1,102		1,102	1,102		1,102	2,804	455	3,259
73 Housing Standards			0			0			0	0	0	0
74 PLACE (Funded)		372	372			0			0	0	372	372
Growing Chelmsford			0			0			0			
75 Car Park LED Lighting	8		8			0			0	8	0	8
76 Car Park Pay on Foot Equipment			0	281	-281	0		281	281	281	0	281
77 Car Park Vehicles and Equipment	22	-22	0	10	22	32		22	22	32	22	54
Totals	5,456	-838	4,618	4,485	1,061	5,546	5,378	1,679	7,057	15,319	1,902	17,221

Variations in excess of £25k see Table 23

<u>Analysis of Variation</u>	<u>2023/24</u>			<u>2024/25</u>			<u>2025/26</u>			<u>Total Variation for Period</u>		
CAPITAL ASSET REPLACEMENT PROGRAMME	Latest Approved Budget for 2023/24	Variance for 2023/24 + Cost / - Saving	Total Forecast 2023/24	Original Forecast 2024/25	Variance for 2024/25 + Cost / - Saving	Total Proposed Budget 2024/25	Original Forecast 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget or 2025/26	Original Forecast for 2023/24 to 2025/26	Variance for period + Cost / - Saving	Current Forecast for 2023/24 to 2025/26
		£000's			£000's			£000's			£000's	
Rephasing of Schemes to/from later years		-1,494			265			1,001			-228	
Price Variations - Increases Require Approval		50			327			132			509	
Price variations - Decreases		-18			-16						-34	
Reduced Demand		-194			-20			-46			-260	
Supplementary Estimates New - Require Approval		15			21						36	
Supplementary Estimates Funded New - Requires Approval		834									834	
Previous Omission from Replacement Programme - Items exist but not previously included in future replacement programme		0			472			592			1,064	
Removed - to be funded from revenue											0	
Virement		-31									-31	
Enhancement of a replacement item					12						12	
		<u>-838</u>			<u>1,061</u>			<u>1,679</u>			<u>1,902</u>	
<u>Impact of Financing Replacement Programme</u>												
Total Estimated Cost Replacement Programme			4,618			5,546			7,057			17,221
Less Forecast Use of Grants/S106/CIL			-1,467			-1,137			-1,445			-4,049
Net Cost Replacement Programme			3,151			4,409			5,612			13,172
Indicative Cost First Full Year MRP and Interest			602			844			939			
Assumption based on borrowing against full net cost of replacement												

TABLE 29 Explanations for Variations Greater Than £25,000 in Asset Replacement Programme Period 2023/24 - 2025/26

	Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Reason
3	Riverside Plant	106	235	129	Increase - although items currently exist a service review identified they were not included in forecast	-27K Phasing, 5K higher prices, -8K reduced need and 159K replacements identified requiring replacement (Distribution boards, pool moving floor and filter media)
5	CSAC Expansion Fitness Room Equipment	105	150	45	Increase - although items currently exist a service review identified they were not included in forecast	Old gym equipment has been identified that has not been replaced in current fitness room expansion
8	SWFLC Plant Replacement	57	86	29	Increase - although items currently exist a service review identified they were not included in forecast	Fire dampers require replacing - Health and Safety
14	Hylands House Equipment	40	70	30	Increase - although items currently exist a service review identified they were not included in forecast	-1K price variation and 31K of omissions identified
15	Digital Services Replacement Programme	730	645	-85	Reduction - Various	-10K price variation, -85K reduced need, 10K Rephasing forward of spend to 2026/27
18	Meeting Room Digital Equipment	126	57	-69	Increase - Rephasing to earlier year	New supplementary estimate approved for meeting room equipment ahead of previously forecast replacement year

	Scheme Description	Latest Approved Budget	Estimated Budget Required	Variation	Variation Type	Reason
		£000's	£000's	£000's		
19	Website Upgrade	150	11	-139	Reduction - Rephasing to later year	The website replacement has been delayed to a later year
20	System Upgrade	109	9	-100	Reduction - Reduced demand	Document management system has been removed from replacement programme
21	System Security	60	20	-40	Reduction - Reduced demand	Lower forecast expenditure than originally expected
24	Theatres' Equipment	271	1,157	886	Increase - Service has now completed full review and identified additional items	741K of identified replacements identified not in previous forecast, 60K rephased in from a future year, 70K price variations and 15K Back of House Tunnel Lift replacement
37	Civic Centre Floor Replacements	31	0	-31	Reduction - Virement	Budgets have been vired into Civic Office Accommodation Scheme
39	Play Area Replacements	589	618	29	Increase - Price variation and H&S	8K price variation and request for additional £21k for H&S resurfacing works at Chelmer Park
42	Parks Replacement Vehicles and Equipment	1,173	1,292	119	Increase - Various	Price variations of 101K, reduced need of -7K and omitted vehicle replacement of 25K
55	Vehicle Wash	100	170	70	Increase - Price variation	Vehicle wash is beyond serviceable period and replacement is significantly more expensive than previously estimated cost
56	Street Cleansing Vehicles	1,027	1,091	64	Increase - Price variation	Higher costs of replacement vehicles
62	Refuse Vehicles	1,703	1,741	38	Increase - Price variation	Higher costs of replacement vehicles
64	Recycling Vehicles	1,379	1,420	41	Increase - Price variation	Higher costs of replacement vehicles

	Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Reason
72	Disabled Facility Grants (DFG)	2,804	3,259	455	Increase - Spend of full grant allocation	DFG - are assumed fully funded by grant, though this not a certainty. As funding is expected to match spend, only in year variances are shown. Should funding not be provided, then a decision will be needed to determine affordability and priority of spend. The funding of DFG grants is mandatory. The budget provision is based on the level of grant received in previous years and is an annual award.
74	PLACE - Empty Homes Loans and Grants	0	372	372	Increase - 3rd Party Ad hoc loans fully funded	Chelmsford is the lead authority responsible for holding the funds for PLACE. These loans/grants are made on an ad - hoc basis and are dependent upon needs arising.

Intentionally Blank - The Council Tax Resolution to be reported to Full Council



Chelmsford City Council Cabinet

30th January 2024

Capital, Treasury Management & Investment Strategies 2024/25

Report by:

Leader of the Council

Officer Contact:

Phil Reeves, Accountancy Services Manager (section 151 officer), 01245 606562,
phil.reeves@chelmsford.gov.uk

Purpose

To recommend an approach for managing the Council's:

- Cash and
- Other types of investment including property and
- Explain how capital expenditure, capital financing and treasury management activities will contribute to the provision of services along with an overview of how risk is managed and the implications for future financial sustainability.

Options

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

Preferred option and reasons

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

Recommendations

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

1. Background

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

- Capital Strategy
- Treasury Management Strategy
- Investment Strategy

1.2. Capital Strategy

The Capital Strategy **Appendix 1** sets out a framework for the management of capital finance and links to capital and revenue budget plans being reported to January Cabinet. The strategy is not reviewed by the Treasury Management and Investment Sub-committee. The strategy should support the Council's objectives in 'Our Chelmsford Our Plan' and sets the framework in which the capital programme is planned. It enables the Council to prioritise the use of limited resources to support long term priorities. The strategy reports on deliverability, affordability and the risks associated with the strategy. The aim of this Capital Strategy is also to ensure that members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risks.

1.3. Treasury and Investment Strategies

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

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

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

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

2. Executive Summary

Capital Strategy

- Sets out how this strategy will support the Council towards achieving the goals agreed from 'Our Chelmsford Our Plan'.
- Sets limits to amounts that can be borrowed by the Council.

- Summarises the costs of the capital programme.
- Identifies how the Council plans to finance its capital expenditure programme and the cost to the revenue budget.
- Identifies how processes will limit risks associated with the strategy.
- Will ensure that members understand the Capital Strategy requirements, governance procedures and risks.

Treasury Strategy

Investments

- Changes from last year's strategy are
 - It is proposed to have a target of a minimum of £5m (previously £3m) of liquid funds to manage cashflow during the year. This reflects monthly fluctuations in cash levels.
 - Reporting on prudential indicators will be made to TMISC at least three times a year.
 - No other material changes from the previous year.
- Cash available for investment is expected to reduce as the Council internally borrows to fund the capital programme.
- Prior to completion of the budget gross interest income of circa £1.0m is expected for 2024/25 based on an assumed rate of 4.6% across the Council's portfolio. Forecasts provided to the Council identify a decrease in the Bank of England's base rate to 4% by March 2025.

Borrowing

- No changes to the principles of last year's strategy are proposed.
- Borrowing will only be undertaken for the purpose of managing temporary liquidity or to fund the capital programme.
- Limits for external borrowing will be set in the Capital Strategy which will be reported to Cabinet and then Council as part of the 2024/25 Budget.
- The Section 151 Officer under the constitution manages investments and borrowings, so will undertake borrowing as needed. Prior to completion of the budget, the Council cashflow planning indicates that some temporary borrowing may be required in 2023/24. External borrowing is expected to be required in 2024/25 based on known and assumed financial commitments.

Non-Cash Investments (Investment Strategy)

- No changes to the principles of last year's capital strategy are recommended.
- No new capital expenditure (investments) will be made where the purpose of the investment is primarily for yield. This restriction is in line with 2023/24 Strategy which stated that the Council will not invest in commercial property.
- The strategy has provision to allow for the creation of a stand-alone housing company, if needed.
- The monitoring of non-treasury investments is undertaken by TMISC.

3. Conclusion

3.1. Cabinet is asked to accept the TMISC recommendation to recommend to the Council the Treasury Management and Investment Strategies.

3.2. Cabinet is asked to recommend the Capital Strategy to Council. This strategy should be reviewed regularly and reported on during the year.

List of appendices:

Appendix 1 - Capital Strategy 2024/25

Appendix 2 – Treasury Management Strategy 2024/25

Appendix 3 – Investment Strategy 2024/25

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 and its Capital Strategy.

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

Consultees:

Relevant Policies and Strategies:

Our Chelmsford Our Plan

Medium Term Financial Strategy

Capital Strategy 2024/25

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

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

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

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

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

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

Details of the approved capital schemes, replacement programme and new scheme proposals included in this strategy can be found elsewhere on the agenda as part of the Budget 2024/25 report.

The Prudential Code requires that authorities demonstrate that they make capital spending and investment decisions in line with service objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainable and affordable.

The Council's constitution and financial regulations govern the capital programme.

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution.
- Capital expenditure must comply with the statutory definition.
- The Capital Programme is approved by Full Council as part of the Council's annual budget report. It reports on the revenue cost of financing the capital expenditure to ensure that it is affordable. This is kept under review and updates are reported to Cabinet and approved by Full Council when required during the year.
- All schemes are formally approved into the capital programme by following an agreed process (see below).
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.

- Each scheme must be under the control of a responsible person/project manager.

New Capital Spending – Prioritisation and Approval

New capital spending should only be considered where the proposals are fully funded from new external sources, from internal resources currently held and available, or where capital financing costs are offset from income/savings generated from the proposal or when increasing revenue costs is considered to be affordable.

It is always difficult to make choices between competing priorities and with reduced resources this is more challenging. To assist, it is proposed that regular monitoring of capital programme projected costs will also include monitoring of resources to ensure the use of limited resources are prioritised.

Funding of new capital projects will require the production of a business case.

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

In determining viability, capital bids must include:

- details of how the proposal will help to achieve the corporate priorities;
- details of the intended outcomes and potential running costs;
- statement of the risks of undertaking the scheme and how these will be managed;
- details of consultations undertaken in arriving at the proposal and any potential alternatives; and
- based on robust costs not indicative

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

Following approval, the agreed Corporate Project Management approach to progressing the scheme should be followed.

Bids that are considered as lower priority, are unaffordable or that can be deferred can be added on to an aspirational list. The cost of the schemes on the aspirational list are not included in the forecast spend as they have not been approved.

An Aspirational Scheme list has been produced on page 16-17 and will be maintained and updated on an annual basis. This list will take time to fully establish but will contain details of potential future schemes linked to the priorities in 'Our Chelmsford Our Plan'. When schemes become 'affordable' and of sufficient priority they will be included in the Capital programme.

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

Governance and reporting arrangements, including risk management. will be reviewed to ensure that it remains fit for purpose and is in line with best practice.

1.4 Funding the Costs of Capital Expenditure

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

Methods of Capital Financing

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

- **Sales of Assets (Capital Receipts):** Any disposal of property or equipment over £10,000 in value is a capital receipt. These can only be spent on other capital items. The Council seeks to maximise the level of these resources, which will be available to support the Council's plans. The use of cash proceeds will be prioritised to fund assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost. However, the disposal of assets in exchange for non-cash benefits such as housing nomination rights which may reduce future Council revenue costs will also be assessed on a site by site basis.
- **Leasing:** This is where we can use an asset in exchange for making a series of payments over several years. From 2024/25 all leasing will be counted as a debt. However, leasing differs from traditional debt as often the leasing company can retain legal ownership of the asset and is able to obtain capital allowances to reduce the cost to the Council. Leasing will be used following due diligence, comparing the financial and non-financial benefits and risks to the Council versus owning outright such assets.
- **Borrowing** (excluding leasing):
 - The Council can borrow externally from other local authorities, the Government or the private sector.
 - Borrowing can also be carried out internally, where cash balances are "borrowed" to fund capital expenditure.

If the Council undertakes any form of internal or external borrowing, then payments must be made to cover future or current principal debt repayments (Minimum Revenue Provision (MRP)). Before the start of each financial year the Council should prepare a statement of its policy on charging MRP in respect of that financial year and submit it to full Council for approval. The statement should describe how it is proposed to discharge the duty to make prudent MRP during that year. The method to calculate MRP is set out in section 1.6 below 'The Borrowing Strategy'. Councils can choose to pay off debt from surplus capital resources, such as capital receipts, at any time.

- **Revenue contributions to capital:** the Council can use revenue budgets set aside to fund capital expenditure.
- **Grants:** there are Government grants and grants from external organisations. These can be used towards specific works that the Council can often bid for or non-specific.
- **Section 106 agreements and Community Infrastructure Levy (CIL):** if a new development is undertaken in the City, the Council is legally entitled to ask for assets or money to mitigate the impact of the development. Wherever possible these contributions are used towards the financing of eligible capital spend.

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

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

1.5 Cost of the Capital Programme

In the 2024/25 budget, the Council is planning capital expenditure as summarised below:

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Replacement Programme Updated Budgets Require Approval	£3.973m	£4.618m	£5.546m	£7.057m	£2.995m
Capital Projects Forecast Variations Require Approval	£29.280m	£22.161m	£36.857m	£6.675m	£10.691m
New Capital Bid Submissions 2024/25 and 2025/26 Require Approval	£0.000m	£0.000m	£2.017m	£0.191m	£0.000m
Provision for potential new Capital Projects	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m
TOTAL	£33.253m	£26.779m	£44.420m	£13.923m	£13.686m

Details of the programme can be found in the Budget Report 2024/25 elsewhere on this agenda.

This forecast expenditure has been assessed following a full review of the existing programme by Management team where a number of previously approved schemes have been moved to the Aspirational List as are now considered as unaffordable. The funding (CIL) previously earmarked for these schemes has been redirected to other higher priority schemes to limit the revenue costs of the capital financing.

Basis for Estimating Future Costs

The above table reflects the forecast capital programme and known replacement items. These costs are reflected in the Budget Report 2024/25 and variations from

previously reported costs require approval. The financial forecasts allow for borrowing costs for new yet to be approved schemes increasing by £150k per year.

There is a high risk that scheme costs will increase due to inflation and supply and demand. In future annual reviews of approved scheme budgets will be undertaken to identify and seek approval for the consequences of inflation. Also, the table does not include any provision for costs which may arise from updated building conditions surveys currently being undertaken. Decisions will need to be taken on the affordability and priority of any works, so as further cost information becomes known annual reviews of the capital programme will be needed to assess affordability.

This capital programme has been based on what is affordable. Long-term aspirations will only be included when they become affordable.

Financing of the programme is currently planned as shown in the table below.

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Capital Receipts	£0.807m	£0.642m	£0.828m	£0.200m	£0.200m
Grants and Contributions	£13.788 m	£18.703m	£27.977m	£6.119m	£7.834m
Revenue Contributions	£1.351m	£2.309m	£0.303m	£0.059m	£0.062m
Borrowing	£16.140 m	£4.690m	£14.791m	£7.274m	£4.204m
Finance Leases	£1.014m	£0.000m	£0.521m	£0.271m	£1.386m
Operational Leases	£0.153m	£0.435m	£0.000m	£0.000m	£0.000m
TOTAL	£33.253 m	£26.779m	£44.420m	£13.923m	£13.686 m

The forecast resourcing of the capital programme has taken a much more cautious view of the amount of capital receipts expected to be received given the current economic conditions. This has resulted in increased forecast borrowing.

1.6 Borrowing strategy

The table above shows that the Council will need to borrow to fund its Capital spending.

The Council is able to borrow money on the money market or from the Public Works Loans Board (PWLB) to fund capital schemes or, on a short-term basis, use its own internal resources. However, for all capital schemes initially funded from borrowing, the Council will have to fund the principal repayment and interest costs. The Council is only able to borrow under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent, affordable and sustainable. The Prudential Code requires authorities to ensure that decisions for capital expenditure and investment plans are made with sufficient regard to the long run financing implications and potential risks to the authority and include effective due diligence.

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

The table below highlights the requirement for external borrowing to finance the capital programme from 2023/24.

<i>Estimates of Gross Debt and the Capital Financing Requirement in £ millions</i>	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Leasing (Debt)	£1.135m	£0.849m	£0.751m	£0.398m	£1.148m
External Borrowing	£0m	£7m	£38m	£38m	£30m
Total "External Borrowings"	£1.135m	£7.849m	£38.751m	£38.398m	£31.148m
Total Capital Financing Requirement (CFR)	£35.363m	£39.359m	£53.532m	£59.289m	£62.317m
Internal Borrowing (makes up the difference between CFR and external borrowings)	£34.228m	£31.510m	£14.781m	£20.891m	£31.169m

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

MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis up to a period of 50 years. For those short-term assets with a life of less than 10 years an average life year rate will be applied. Interest will be charged based on an average PWLB annuity rate for a loan with a term equivalent to the life of the asset. For assets acquired under finance leases, the principal repayment inherent in the lease will be used as the basis for MRP in respect of those assets. This policy does not prevent the Council from making early or one-off repayments of debt from capital receipts or from revenue provisions.

MRP is charged in the year following the one in which the expenditure is incurred or the first year following the one in which the asset becomes operational.

Affordability of the Capital Programme

The table overpage shows the planned repayment of debt. This is a charge to the revenue budgets. The consequences of any capital spend must be considered in relation to the impact on the revenue budgets and whether it is affordable. There are limited sources of new capital financing available, and this will result in additional capital spending being financed by borrowing. The Council will only commit to additional capital spending where it is affordable. The Council must take a prudent

approach to new borrowing, any business cases brought forward must be robust and include forward predictions of affordability, with the aim that projects should be self-funding.

Planned repayments of debt and financing Costs

Minimum Revenue Provision (MRP) Charge

The below provides an indication of the cost to the revenue budget of repaying borrowing. Some of the capital schemes, earmarked for being financed by borrowing, will provide an income which will offset the cost of the MRP and interest. The revenue budgets for these schemes have not yet been included in a future year but are instead shown as a separate line in the table below.

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
MRP	£0.282m	£0.408m	£0.515m	£1.083m	£1.840 m
Finance Leases MRP	£0.313m	£0.286m	£0.619m	£0.624m	£0.635 m
Total Planned Repayment of Debt	£0.595m	£0.694m	£1.134m	£1.707m	£2.475 m
Charges for Operational Leases	£0.264m	£0.313m	£0.000	£0.000m	£0.000 m
Total Financing Costs Excluding Self Financing Schemes	£0.859m	£1.007m	£1.134m	£1.707m	£2.475 m
Additional MRP Charge Self Financing Schemes	£0.000m	£0.000m	£0.005m	£0.081m	£0.086 m
Total Repayment cost	£0.859m	£1.007m	£1.139m	£1.788m	£2.561 m

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. The higher borrowing limit

may not reflect long-term need and may only be reached for short periods. It therefore can be higher than the Capital Financing Requirement.

Authorised limit and operational boundary for external debt in £ms

	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit
Authorised limit – total external debt	£40m	£55m	£60m	£63m
Operational boundary – total external debt	£8.00m	£39.0m	£39.0m	£32.0m

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

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

IFRS16 Implementation

Future changes to accounting regulations will require restatement of borrowing limits during 2024/25. The accounting changes are in relation to IFRS 16 and the re-categorisation in Council's accounts of operational leases to finance leases. The conversion will increase the level of debt held on the Council's balance sheet. Work is currently being undertaken to identify those leases that following conversion will be included as debt and an updated report will be taken to a future Cabinet/Council meeting. The table above includes the estimated impact of conversion of the leases and contract hires that are currently in place for vehicles, but it is likely that following an exercise currently being undertaken that additional 'leased' assets will be identified and will need to be included in the borrowing figure. This will need to be reported and the Authorised Limit and Operational Boundary borrowing limits will need to be reviewed updated and reported to Council for Approval.

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

1.7. **Sustainability – Capital Funding**

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

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

reasons). Although the table shows very low or no receipts in some years, the Council plans to dispose of several sites in the period shown which will result in benefits other than capital receipts. These benefits are nomination rights for the use of affordable housing developed by Registered Social landlords (RSL's) on previously owned Council sites.

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Asset sales	£0.479m	£0.125m	£0.000m	£0.000m	£0.000 m

A more cautious approach to timing of receipts has been taken to move towards a more 'worst-case' funding assumption reflecting economic conditions. The development potential of some larger sites is being considered but due to the uncertainty of the developments and the timing no receipts are being shown for the period up to 31/03/2027.

At the end of 31/3/2025 there is no balance currently forecast as being held for capital receipts from the sales of significant assets. All receipts collected will have been applied to resource the capital spend.

As detailed above, the limited forecast of capital receipts decreases the sustainability of capital funding and unless external sources of funding are identified for individual capital projects then borrowing will be required for future capital spending and the affordability of borrowing will need to be kept under review.

Risk

To reduce the risk of overspends, wherever possible budgets should only be approved following completion of a business case when robust scheme costs have been identified allowing for suitable contingencies and inflation. Once schemes are approved regular monitoring must be undertaken to identify those schemes at risk of overspending or not being delivered on time so that appropriate action can be taken. To support risk management the development of a corporate project management "tool kit" for officers undertaking large projects will be completed in 2024/25 and implemented.

As part of capital planning, a number of potential future projects or needs for additional funding have been identified, these are included in the Aspirational List. The list will be kept under review, which should improve planning of capital financing and minimising the risk of allocating resources against lower priority schemes.

The updating of building condition surveys will reduce the risk of not identifying high need capital spend in timely manner and improve prioritisation.

The resourcing of the capital spend has been based on assumptions of receipts, grants and contributions being received and applied. To minimise risk, these assumptions have been prudent, however circumstances outside of the Council's control, such as economic environment, may impact on the timing of receipt of resources.

Summary

The responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with Full Council. The level of the council's borrowing is significant reaching a forecast £62m by March 2027 with an ongoing £2.5m revenue cost. All members need to be fully informed as to all implications of its capital investment decisions, in particular those funded from borrowing.

Council is asked to approve the 'Authorised Limit for External Debt' as shown in the table in section 1.6, £55m in 2024/25.

The strategy is focussed on what is necessary and what the Council can afford within the constrained revenue budget.

The figures above do not include any costs for scheme proposals on the Aspirational List. These should be reviewed and brought forward for consideration on the basis of priority and affordability.

The figures do not include any provision for new spend identified from condition surveys.

Regular reporting and reviews of capital schemes costs and resources will ensure capital plans remain affordable.

Service Aspirations List Identified October 2023

Aspiration	Brief Overview of Outcome
<u>Active Chelmsford</u>	
1 South Woodham Ferrers Leisure Gym & Studio expansion	To convert existing "gym" to enhance health & fitness facilities to enable daytime use in line with the swimming pool
2 Hylands Walled Garden	To bring walled garden into use (TBA) with a commercial partner. Feasibility, followed by market testing - will likely need some CCC financial input
<u>Strategic Outdoor Sports Provision</u>	
3 Additional 3G Pitch	Provision of additional facility location to be agreed
4 Runwell Sports and Social Club	Provision of additional facility for community by third party funded from S106 Contributions
<u>Connected Chelmsford</u>	
5 Museum Re-imagining The Bothy, Oaklands Park	Adaptations to expand use of asset
<u>Fairer Chelmsford</u>	
6	Future development plan for borough

Sandford Mill Future Use of Area

Greener Chelmsford

- | | | |
|---|---|---|
| 7 | Rivers, Waterways and bridges - development and Improvement | Parks, Green Spaces and Waterways Strategy 2022 and Improvement Plan for Rivers and Waterways Policy Board 2022 |
| 8 | Community Sports Ground North Chelmsford (East New hall School) | Provision of new community facility |

Growing Chelmsford

- | | | |
|----|---|--|
| 9 | Local Plan Digital Platform | Replacement digital solution to engage, prepare, consult and monitor future Local Plan |
| 10 | Public Realm - Market Square (1) | Enhancement to Market Square to make the space more attractive and active |
| 11 | Public realm - Half Moon Square to Stone Bridge (2) | Improve public realm in city centre |
| 12 | Public Realm - Stone Bridge to Baddow Road (3) | Improve public realm in city centre |
| 13 | Public Realm - Springfield Road (4) | Improve public realm in city centre |
| 14 | ECC Army and Navy Contribution | Contribution to ECC to enable development of highways |
| 15 | ECC East Chelmsford Cycling & Walking Connectivity | Contribution to ECC to deliver scheme |
| 16 | Q-Tech Park | Economic development initiative |
| 17 | North-East Chelmsford Garden Community Infrastructure | New development. |
| 18 | South Woodham Ferrers Town Infrastructure via CIL funding | Improve facilities |
| 19 | Land Bank | To create a provision to acquire new land for the future |

Treasury Management Strategy

- 1.1 Treasury Management at Chelmsford City Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA code) which requires the authority to approve a Treasury Management strategy before the start of each financial year. This report fulfils the authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA code.
- 1.2 Treasury Management covers the management of the Council's cash flows, borrowing and investments, and any associated risks. Chelmsford City Council has substantial cashflows and investments from its activities and is therefore exposed to a series of financial risks including the loss of invested funds. Risk also comes from possible changes in interest rates affecting investment income or the cost of any external borrowings.
- 1.3 The Council's investment priorities are, in order of priority:
 - (a) the security of capital
 - (b) the liquidity of its investments; and
 - (c) yield.

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

- 1.4 Borrowing monies purely to invest or lend on to make a return is unlawful and this Council will not engage in such activity. The borrowing of monies to fund the capital programme is allowed and there will potentially be the need to borrowing up to a year in advance to secure the funding or de-risk the interest rate risk. Officers will aim to minimise borrowing costs by investing surplus cash based on forecast cashflow needs.
- 1.5 In the event of major changes to the external or internal context in which this strategy has been set, it may be necessary for the Council to revise its strategy during the year.
- 1.6 This Treasury Management Strategy will focus solely on investments arising from the organisation's cashflows and debt management activity and matters of borrowing. Non-treasury investments will be covered separately under the Investment Strategy (**Appendix 2**). The monetary limits on borrowing are set in the Capital Strategy.

2. External Context

- 2.1 The macroeconomic environment has a significant impact on the Council's treasury operations via inflation, interest rate and counterparty risks.

The economic environment and interest rate forecast

- 2.2 The Bank Base Rate at the start of the financial year was 4.25% and has risen to 5.25%. The view of the market is that this potentially could be the peak (terminal) rate for this cycle.

CPI inflation has fallen from 8.7% in April to 6.7% in September and has further eased to 4.6% in October.

The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

A key measure of economic activity used by economists, the composite Purchasing Managers Index, fell from 48.6 in August to 46.7 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021.

As the growing drag from higher interest rates intensifies over the next six months, the economy could continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly.

The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. There was also a decline in job vacancies in August which suggest labour market has loosened further since July. However, some of the loosening in the tightness of the labour market was offset by the decline in supply of workers. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

There has been a cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth. The headline 3 month year on year growth of average earnings rose by 7.8% for the period June to August.

- 2.3 In Bank of England's (BoE) latest monetary policy meeting on 6 November, the BoE left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.

It is believed the BoE wants the markets to believe that rates will remain higher for longer. So is messaging that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary

pressures”, citing the rise in global bond yields and the upside risks to inflation from “energy prices given events in the Middle East”. The Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be “sufficiently restrictive for sufficiently long” and that the “MPC’s projections indicate that monetary policy is likely to need to be restrictive for an extended period of time”. Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.

This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the BoE the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

- 2.4 Below is Link’s interest rate forecast on their view of the movement of interest rates between 2023 and 2026. They are forecasting interest rates to be falling over this period. We have based our planning around this, however actual Treasury Management activity will follow prevailing market conditions.

Link Group Interest Rate View 07.11.23		Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE		5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings		5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings		5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings		5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB		5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB		5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB		5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB		5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Credit Outlook and counterparty risk

- 2.5 The institutions on the Council’s approved counterparty lists are well-capitalised and general credit conditions across the sector are expected to remain benign, limiting the chances of losses to the Council.
- 2.6 Public Bodies provide much less risk as investment counterparties, but yields can be lower. The Council will consider security, liquidity and return when reviewing new investments over different organisations and different investment categories (property, pooled funds, public bodies, etc.) to provide a satisfactory balance of security of capital and return. The City Council will avoid lending to councils that have a section 114 notice but there is no evidence that a notice would have any impact on the ability of the Council to repay loans on maturity.

Officers believe investing in private banks and building societies that meet our risk appetite and investment criterion can offer higher returns than offered by public bodies when there is uncertainty with interest rate movement. When considering investing, we will consider return in deciding between public bodies and private organisations.

3. Local Context: Investment Balances and Potential External Borrowing

- 3.1 At the end of October 2023, the Council held £54m of investments. These investments arise from balances including unspent Community Infrastructure Levy (CIL) and reserves, as well as income received in advance of expenditure.

Forecast year-end investment balances are in the table below. These are best estimates at this stage; significant variation could occur due to changes in the Capital Programme and other changes.

Date	31/03/2023 Actual (£m)	31/03/2024 Forecast (£m)	31/03/2025 Forecast (£m)	31/03/2026 Forecast (£m)	31/03/2027 Forecast (£m)
Year-end investment held	41	20	14	14	14
Cumulative External Borrowing	0	7	38	38	30

Officers believe the above are best estimates available with forecast showing that there is potentially the need to borrow from March 2024. This will be subject to whether there is further slippage in the capital expenditure and if income such as CIL arrives earlier than expected.

The above investment balance is made up of working capital of £5m and £9m of long-term investments that is supported by long-term reserves and other balances.

- 3.2 The table below shows the forecast external borrowing costs. These costs could vary due to the timing of the capital spend and the interest rate when financing is sourced.

The borrowing costs below assume short term loans from other local authorities and interest rate assumptions listed in section 2.4 above. This is consistent with advice provided from our external treasury advisors where any external borrowing should be kept short dated.

	31/03/2023 Actual (£'000)	31/03/2024 Forecast (£'000)	31/03/2025 Forecast (£'000)	31/03/2026 Forecast (£'000)	31/03/2027 Forecast (£'000)
Forecast External Borrowing Costs	0	32	789	1,298	899

- 3.3 During most months, the cash balance can rise and fall by between £10m and £15m due to receipt of income and payment of precepts to other Essex bodies. The Council should therefore aim to keep sufficient cash in hand to manage these fluctuations. However, the Council can undertake temporary borrowing, and will do so wherever needed to ensure sufficient liquidity.

The financial year-end tends to be the lowest point for the Council's cash balances. This is because most residents pay their Council Tax over 10 instalments, but the Council pays these out to central government and other precepting authorities on a monthly basis; so significant net cash outflows occur

in February and March each year. The principles to establish how investments should be managed are discussed in Section 4 below.

- 3.4 The Capital Strategy published with the Revenue 2024/25 budget papers will include debt limits reflective of the 2024/25 budget

The CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by (internal or external) borrowing. The budget report will update the forecast of the CFR and the table below shows current estimates.

Temporary Use of Surplus cash	March 2023 Actual £m	April 2024 Forecast £m
Capital Financing Requirement	35.363m	39.359m
Made up of:		
External Debt (External borrowing & leasing)	1.135m	7.849m
Surplus cash internally borrowed	34.228m	31.510m

The Council has reserves which are cash-backed which can be invested for long-periods as the Council always maintains a certain level of reserves and working capital.

It is not unusual for councils to hold investments equal to working capital whilst external debt is being used to fund capital expenditure. Working capital is the day-to-day cash balances held for the normal operations of the Council such as making payments to suppliers.

The Council also run down investments by internally borrowing cash backed resources to fund the capital programme instead of external loans. This can enable the opportunity to finance capital expenditure at lower debt costs than external borrowing.

Borrowing Sources

- 3.5 The Council has a need to fund its capital plans from borrowing. This section of the strategy sets out the Council's methods to borrow. Long-term borrowing is only used to fund the capital programme so the level of borrowing will never exceed the CFR (Capital Financing Requirement) for any meaningful amount of time. As previously stated in Section 3.4, the CFR is the amount of capital expenditure the Council has financed by internal or external borrowing and so will be determined by the Budget Report 2024/25.
- 3.6 The practice and assumption is internal borrowing is prioritised over externalising debt, however, the Section 151 Officer will monitor external rates of borrowing and the sustainability of using internal borrowing to determine if it becomes more beneficial to externalise the debt.
- 3.7 When the Authority needs to borrow externally it will seek to strike a balance between minimising interest costs, securing certainty of borrowing costs and

having the planned liquidity required. Examples of where the Council can seek to borrow funds from are:

- Public Works Loan Board (PWLB). This is only allowed if a Council has no approved capital plans to purchase assets primarily for the purposes of yield. More details can be found in the Investment Strategy and paragraph 5.4 below.
- Other UK Local Authorities. This is usually relatively short-term debt running from a few days to two years in duration.
- Any institution which meets the Council's investment criteria.
- UK public or private sector pension funds (Excluding the Essex Local Authority Pension Fund).

- 3.8 The PWLB can lend to local authorities for any duration up to 50 years. The PWLB is the source of loans/funds if no other lender can provide finance. The PWLB will not lend to an authority that plans to buy investment assets primarily for yield. The Section 151 Officer will be expected by the PWLB to certify that no such purchases are planned.

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

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

The authorised and operational borrowing will be set out in the Capital Strategy to be published in January 2024; they will be linked to the CFR (the borrowing needed to fund the capital programme).

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

4 How we intend to Invest 2024/25

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

- Security of assets – investing in counterparties only where the risks of incurring a capital loss through default, and the risks of late payment of principal and interest, are low. Also, by spreading risk as widely as is practically possible.
- Liquidity – Ensuring that the authority can access enough cash to meet its obligations with appropriate notice. It is recommended for 2024/25 a target of at least £5m of short-notice funds is held. The definition of short notice will be any held for less than or equal to 35 days.
- Yield – subject to the management of risks associated with security and liquidity of assets, the Council will seek to maximise the yield from its investment portfolio.

The Government regulations and CIPFA both advise that absolute certainty of security of capital and liquidity does not have to be achieved before seeking yield from investments. The Council will aim to achieve the optimum return on its investments with proper levels of security and liquidity that is within the Council's risk appetite.

4.2 No fixed-duration investments over 365 days are currently proposed for 2024/25. This will be reviewed during 2024/25 depending on interest rates, cashflow and counterparty risk. It is recommended any investments beyond 365 days are at the discretion of the Section 151 Officer, up to a limit of £10m as recommended in Section 7.4.

4.3 The Council use credit ratings and Link Group list of suggested counterparties to determine suitable counterparties. Link Group employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies.
- CDS spreads that may give early warning of changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour-coded bands which indicate the relative creditworthiness of counterparties.

Link Group aim to promote security of assets first through diversification, as well as limits on the sums invested and limits on which counterparties the Council can invest with. A suggested list of counterparties is available live through their passport service and is also released by Link Group on a weekly basis.

The Council policy has been, and is, recommended to differ from Link Group advice when it comes to duration of investments with Banks (UK and Foreign) and Building Societies. The Council's Officers have focused more on long-term credit ratings and an assessment of systematic importance to the UK economy when assessing investment duration. This means the Council has a

slightly longer duration and slightly less Counter parties than suggested by Link Group, but still maintaining diversification of investments and therefore security of the Council's assets. How this works in practice is explained in sections 4.6, 4.7 and 4.8 below, whilst section 4.13 sets out the duration limits allowed.

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

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

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

4.4 **Enhanced Money Market and Money Market Funds.** The Council has access to enhanced money market funds (AAA rated) which offer a rate of return but require 2 – 5 day notice to withdraw funds.

The Council invests short-term cash in several AAA-rated money market funds. These funds provide a rate of interest (5.26%-5.37% in November 2023) and most importantly allow same-day access to funds. Interest rates are linked to the BOE base rate and so any increase in this will feed through to the rates earned for the Council.

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

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

Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans). These are theoretically as safe as lending to Government, but what would happen should a Local Authority go bankrupt has never been tested in law. It is therefore prudent to place some limit on investments with each local authority but recognising this type of investment is much safer than most alternatives.

4.6 **Unsecured UK bank investments.** The changes to UK Bank regulation from the adoption of a "bail-in" approach to recapitalising banks and the move to ringfencing of UK bank retail operations have increased the amount that could be lost in the event of a bank failure. With the completion of ringfencing activities by major banks to protect retail investors from investment banking losses, different banks have placed local authority depositors in either the retail or investment banking divisions. It should be noted that the credit scores

for the banks with which the Council lends have either remained the same or improved as a result of ringfencing. The Council believes that it is prudent to invest with banks who are on Link Group suggested lists. Link Group only suggest investments with UK banks for up to 6 months for the majority of those listed. The Council differs from Link Group advice in terms of the length of investment, up to a period of 365 days. But only if the credit rating criteria (table 4.13 below) are met and no information is available that identifies unacceptable risk. The Council will not invest with any bank that is not on the suggested Link Group list.

- 4.7 **Unsecured building society investments.** Link Group recommend a pool of Building Societies that it suggests clients could invest with. Where our criteria do differ to Link Group relates to the suggested duration periods where Link Group only recommend up to a maximum of 6 months. The Council current policy goes beyond Link Group advice and lends up to 365 days.

It is recommended that the Council's treasury strategy takes a different approach to investing with building societies than that suggested by Link Group. If a building society has a long-term credit rating of at least A- then investments for up to 365 days should be allowed. This is the same as the Council's previous counterparty policy for Building Societies but is a higher risk approach than Link Group based on duration.

- 4.8 **Unsecured Non-UK bank investments.** Link Group review the approach to investment with non-UK banks separately to UK banks. This reflects the different risks and ownership structures that affect the security of the investment. The Council first uses Link Group advice to select appropriate non-UK banks and then uses credit rating information to make investment decisions. The Council uses credit rating of AA- for selecting investments with non-UK banks of up to a maximum of 365 days and A- for investments of up to 100 days.

The Council may differ from Link Group advice in terms of the length of investment, as long as the credit rating criteria above are met. The Council will not invest with any bank that is not on the suggested Link Group list. In practice, the Council's approach is more conservative than Link Group who, for non-UK banks with a Fitch rating of between A- to A+, suggest in many cases durations up to 6 months. The Council is broadly consistent with Link Group where the non-UK bank has a rating of AA- or above, with a few exceptions where Link Group suggested duration is up to 2 years.

- 4.9 **Registered Social Landlord (RSL) Loans.** The Council can lend to RSLs in the pursuit of treasury management objectives but must treat any loans made for policy reasons as capital expenditure. The option to lend for Treasury purposes has been on the Council's counterparty list for several years but there has not been a suitable opportunity.
- 4.10 **Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds.** These are all different investment products but have in common the highest levels of credit rating. They are either backed by a pool of guaranteed bank assets or UK and/or foreign Governments. The Council takes advice from Link Group before undertaking any of these investments, so an investigation of the individual strength of each investment has been determined. They are rarely used by the Council.

- 4.11 **Multi-Asset, Bond and Property Funds.** These potentially offer the Council income and capital growth of the sum invested. There are several types of funds including property funds, bond funds, equity funds and multi-asset funds. Funds seek to reduce risk by building a pool of investments and as such are considerably safer than an investment of comparable size in a specific single asset.

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

As at 31st October 2023, the Council has an investment of around £15m in the CCLA property fund and 3 Multi-Asset funds. These funds are backed by cash in reserves and other long-term balances.

The extension of the IFRS 9 statutory override in local government was extended until 31 March 2025. The standard covers financial instruments and requires fair value movements in pooled asset funds to be reflected in budgets. Currently the changes in valuation are treated as unrealised loss or gains but once the IFRS 9 overrides ends, the gains and losses in valuation will be crystallised and impact on unusable reserves.

- 4.12 **Challenger Banks.** As part of the Government's policy to reduce the size of banks and to encourage competition, new 'challenger banks' are appearing in the UK banking market. Many of these challenger banks are unrated but do have high levels of capital buffers.

It is recommended that the strategy is unchanged so as to not consider investments in challenger banks.

- 4.13 **Counterparty – Duration and Monetary Limits**

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

Specified Investments				
-investments of duration less than or equal to 365 days and denominated in sterling.				
-investments made to UK Government, UK local authorities or institutions of high credit quality.				
- high credit quality defined as a minimum A- by Fitch or the equivalent score of the other main rating bodies (Standard & Poor's, Moody's).				
Specified Counterparty	Minimum Credit Criteria	Max. Limit £m	Max. maturity period	Change from Prev. approach

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

The counterparty limit for 2023/24 is £3m per financial institution and it is recommended that this is retained for 2024/25 as reducing the £3m limit would reduce the number of institutions willing to take Council deposits, as a smaller investment would be judged too small to be economic for large institutions. Indeed, there are many institutions who will not accept £3m from the Council as this is too small for them.

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

- 4.14 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's approach does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.

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.

Therefore, externally managed funds will be required have regard for ESG but this is not possibly for internally managed bank deposits and short-term investments (money market funds).

5. **Role of the Treasury Management and Investment Sub-committee**

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

6. Treasury Management Indicators

- 6.1 The code requires local authorities to have regard to certain treasury indicators. The following indicators will assist in measuring and managing the Council's exposure to Treasury Management risk in 2024/25.

The 2021 Prudential Code introduced Prudential indicators and a requirement for monitoring to be reported formally on at least a quarterly basis however due to volume of finance reports already made to formal committees, it is recommended that we report three times a year to TMISC or Cabinet. Officers believe the existing 3 meetings of the TMISC committee are sufficient.

- 6.2 The Council has both limits and targets within the below indicators. Limits should not be breached during the time period covered by the Strategy, whereas Targets are an aim that Officers will try and work within, but which can be breached during the year if absolutely necessary.
- 6.3 Liquidity – The liquidity indicator is a voluntary measure that seeks to ensure that the Council has the necessary funds to meet unexpected payments within a rolling period, without additional borrowing.

Liquidity Risk Indicator Amended	Target
Total minimum cash available within 35 days	£5m

- 6.4 Long-Term Treasury Management Investments – The purpose of this indicator is to manage the Authority's exposure to the risk of incurring losses by seeking early repayment of its investment or the costs of enforced borrowing for liquidity purposes. The prudential limits on the long-term treasury management investment will be: -

Price risk indicator	2023/24	2024/25	2025/26	Investment Funds
Limit on principal invested beyond year end	£10m	£10m	£10m	£20m

The £20m shown is a maximum limit for investment funds which have no fixed maturity date such as Multi Asset or Property funds. Additionally, there is a separate £10m limit for sums invested in fixed term investments over 365 days in duration. The £10m limit for cash invested over 365 days is only expected to be used if cash balances turn out materially higher than forecast.

- 6.5 Counterparty Indicator – This indicator measures whether the Council has operated within its approved limits for counterparties and any breaches will be reported during the year.
- 6.6 Target Income Yield – This indicator sets a target for the interest income return from the Council's investments in funds.

Yield Indicator – Existing	Target
Average Interest Rate Earned on external funds	4.9%

6.7 Maturity structure of borrowing:

These gross limits are set to reduce the Authority's exposure to large, fixed rate sums falling due for refinancing and are required for upper and lower limits. Officers will have regard to prevailing interest rate assumptions when undertaking borrowing.

The Council is asked to approve the following treasury indicators and limits:-

Maturity structure of fixed interest rate borrowing 2024/25		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	50%
5 years to 10 years	0%	50%
10 years to 25 years	0%	50%
25 years to 50 years	0%	50%
Maturity structure of variable interest rate borrowing 2024/25		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	50%
5 years to 10 years	0%	50%
10 years to 25 years	0%	50%
25 years to 50 years	0%	50%

The borrowing limits are set within the capital strategy and the above shows the maturity structure of loans.

With interest rates being expected to be at a high point and the recommendation of keeping borrowing short by our treasury advisors with the expectation of interest rates falling (see 2.4 above), borrowing maturity will be kept short initially and reviewed over time as interest rates changes.

For the purposes of the strategy, short term borrowing will be defined as borrowing for up to 2 years, medium term between 5 year to 10 years and borrowing beyond 10 years will be deemed as long term.

6.8 Liability Benchmark:

This indicator is a tool to help establish whether the Council is likely to be a long-term borrower or long-term investor and as a result aids long-term planning. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Ref.	Liability Benchmark	31/03/23 Actual (£m)	31/03/24 Estimate (£m)	31/03/25 Forecast (£m)	31/03/26 Forecast (£m)	31/03/27 Forecast (£m)
1	Capital Financing Requirement (CFR)	35	39	53	59	64
2	Less: Balance sheet resources	76	37	20	26	39
3	Net loans requirement (Negative shows surplus cash/Positive are external borrowing requirement)	-41	2	33	33	25
4	Plus: Liquidity allowance.	3	5	5	5	5
5	Liability benchmark (Negative shows surplus cash/Positive are external borrowing requirement)	-38 Invested only	7 Externally borrowed	38 Externally borrowed	38 Externally borrowed	30 Externally borrowed

The Liability benchmark was a new prudential indicator introduced for 2023/24.

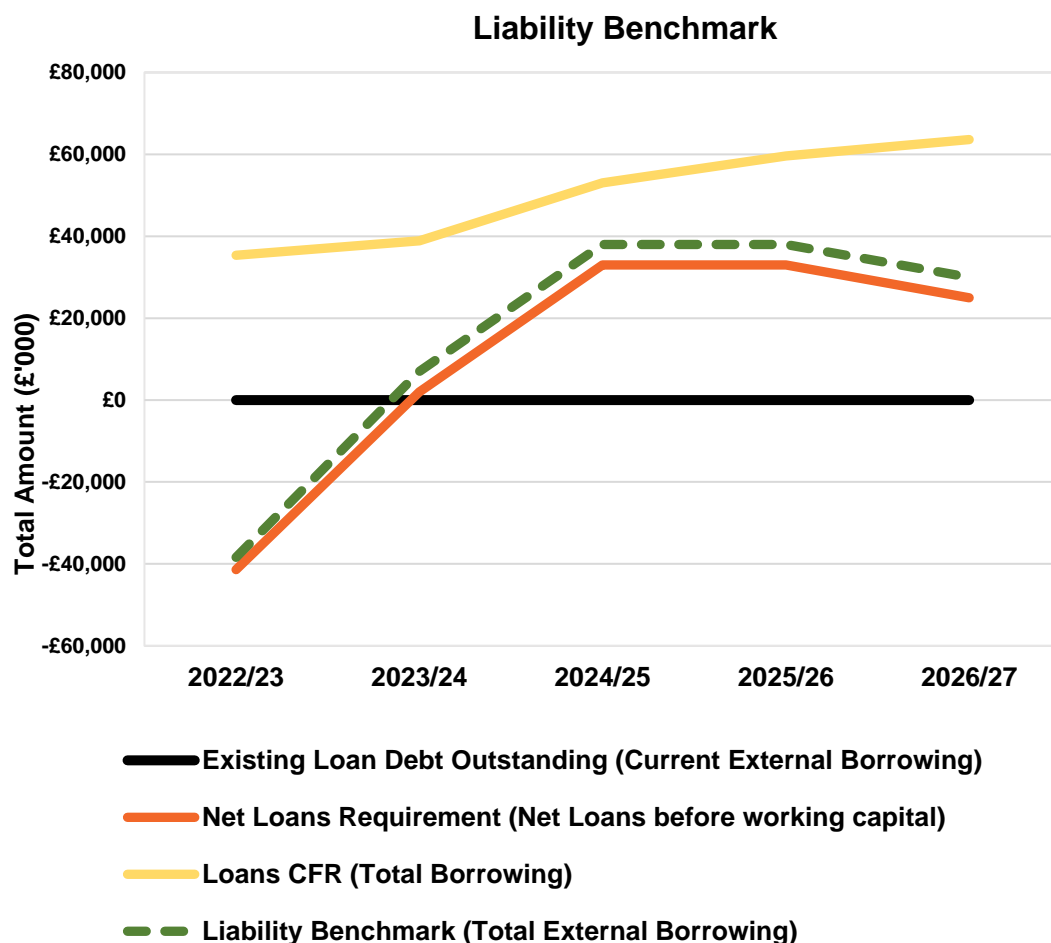
The table above shows

Ref 1 our capital financing requirement, being total external and internal borrowing needed to fund the capital programme. Example at 31/03/23 the capital programme needed £35m of borrowing.

Ref 3 is a forecast of any external borrowing expected/required. A positive figure means external borrowing is forecast to be required. This indicator will be updated by the Section 151 officer for January Cabinet to reflect any new budget proposals.

The current forecasts identify short-term borrowing of c.£7m will be needed towards the end of March 2024 and £38m in 2024/25 and £38m in 2025/26 cumulatively. The Council will have higher CFR (total borrowing) in 2025/26 but because of expected CIL receipts no increase in external borrowing is expected over 2024/25 levels.

The information above is shown graphically on the next page.



6.9 In May 2022, the government introduced The Levelling Up and Regeneration Bill (the LUR Bill), which expanded the government's statutory powers to directly tackle excessive risk within the local government capital finance system. The aim of the LUR Bill is to reduce the risk to the overall system. The proposed measures provide a flexible range of interventions for the Government to investigate and take action in extreme circumstances and provide the Government with the flexibility to intervene where it is appropriate to do so, based on the Government's assessment of risk. Earlier in the year, the Government consulted on calculations for four risk metrics to be used as part of the assessment. The metrics include trigger points indicating, if breached, that an authority is considered to be operating with excessive risk. We are awaiting outcome of the consultation, but these measures could potentially be in place from 1st April 2024. An update will be provided to a future TMISC following Government's confirmation of the risk metrics assessment process.

7 Interest Income

7.1 The indicative budget for interest income for 2024/25 is £1.0m based on an average investment portfolio of £22m at an interest rate of 4.6%. If actual levels of investments or actual interest rates differ from those forecasts, performance against the budget could be significantly different. The interest income is also highly dependent on the timing of capital programme expenditure and income can be higher due to programme slippage.

Investment Strategy

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

Contents of the Investment Strategy

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

Investment Primarily for Yield (overarching principle)

Guidance from the PWLB issued in 2020/21 prevents any local authority from borrowing from it for any purpose, if, in the current or following 2 years, the authority has plans in its capital programme to invest in assets primarily for yield. The City Council can access non-PWLB sources to fund capital investment. However, the Council previously approved the principle that keeping access to PWLB borrowing was more important than keeping the option to undertake the purchase of investment property primarily for yield. So, the recommended overarching principle in the investment strategy is that the Council will not undertake any capital investment with the primary objective of yield. The 2021 Prudential and Treasury Management code has been revised to be more explicit in their recommendation that authorities must not borrow for the primary purpose of earning a financial return. It has also increased the level of reporting on 'non-treasury' investments.

Service Investments: Loans and Shareholdings

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

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

Category of borrower	31.3.2023 actual			2024/25
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Chelmsford City Football Club	£0.083m	£0.083m	£0.000m	£0.083m
Maximum New loans if required.	Nil	Nil	Nil	£10.000m
TOTAL LIMIT	£0.083m	£0.083m	£0.00m	£10.083m

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

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

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

Governance: This is set out within the Capital Strategy.

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

Commercial Investments:

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

The Council's commercial property investments are summarised below. No new assets have been acquired since last reported; any increases shown reflect improvement works.

Property Type	31.3.2023 Actual £ms					31.3.2024 Expected £ms			
	Acquisitions In Year	Disposals In Year	Transfers to PPE in Year	Gains or (losses)	Value in accounts	Acquisitions In Year	Disposals In Year	Works/ Additional Gains or (losses)	Value in accounts
Office	£0.00	£0.00	£0.00	£4.20	£16.32	£0.00	£0.00	£0.00	£16.32
Other	£0.00	£0.00	£0.00	£0.52	£5.32	£0.00	£0.00	£0.00	£5.32
Retail	£0.00	£0.00	£0.00	£21.30	£36.26	£0.00	£0.00	£0.00	£36.26
Industrial	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
TOTAL	£0.00	£0.00	£0.00	£24.98	£57.90	£0.00	£0.00	£0.00	£57.90

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

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

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

Loan Commitments and Financial Guarantees

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

Capacity, Skills and Culture

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Accountancy Services Manager (Section 151 Officer) is a qualified accountant with over 30 years' experience and the Head of Property is a member of the Royal Institution of Chartered Surveyors with over 20 years' experience in both Public and Private Sectors. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and external short courses in order to keep abreast of developments and maintain up to date skills and knowledge.

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

Training and qualifications: Documents and schedules will be kept of training and qualifications of the key roles.

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

Investment Indicators

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

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

Total investment exposure	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast
Treasury management investments	£41.00m	£20.00m	£14.00m
Service investments: Loans	£0.083m	£0.083m	£0.083m
Commercial investments: Property	£57.9m	£57.9m	£58.31m
TOTAL INVESTMENTS	£98.983m	£77.983m	£72.393m

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

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

Investments funded by borrowing	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast	31.03.2026 Forecast
Service investments: Loans	Nil	Nil	Nil	Nil
Commercial investments: Property*	£5.583m	£6.803 m	£7.148m	£6.979m
TOTAL FUNDED BY BORROWING	£5.583m	£6.803m	£7.148m	£6.979m

*A commercial property funded by debt in 2019/20 was a result of the Council decision to not make revenue contributions to capital in 2019/20 due to the pandemic. If the revenue contributions had been made the overall level of borrowing would have been lower and the commercial assets (Aquarium offices) would not have been funded from internal borrowing. The additional borrowing relates to remodelling works to existing properties and development of existing sites. The impact of the pandemic has changed the demand for larger office space. As a result the Council has spent and has planned expenditure to remodel office space to maintain expected income stream.

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

Investments net rate of return (income)	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Treasury management investments	2.5%	4.9%	4.5%
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	6.6%	6.5%	5.2%
Treasury Management Income £ms (draft estimate 24/25)	£1.9m	£2.4m	£1.0m
Investment Rent Income £ms (draft estimate 24/25)	£3.8m	£3.7m	£3.1m

Other investment indicators

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

Estimates	2022/23 Actual	2023/24 estimate	2024/25 estimate	2025/26 estimate	2026/27 estimate
Income from Treasury Management as Percentage of Net Revenue Income	3.4%	4.8%	1.9%	1.3%	1.1%
Total Borrowing Undertaken to Fund Investment Properties	£5.6m	£6.8m	£7.1m	£7.0m	£6.8m
Commercial Income as percentage of Net Service Expenditure	7.5%	7.9%	6.9%	6.6%	7.6%

The estimates/indicators reflect the historic decisions and the schemes included in the proposed/approved Capital programme. Below are limits on investments which reflect the estimates above plus allowance for some headroom or flexibility to undertake higher levels of investment activity. The limit is that recommended by the Section 151 Officer. These limits are required under Government guidance and should not be exceeded. If the Council does exceed these limits, then it is expected not to rashly dispose of investments but instead should avoid entering into any further investments except for short term Treasury Management activity until appropriate alleviation of the breach is undertaken.

Limits	2022/23 Limit	2023/24 Limit	2024/25 Limit	2025/26 Limit	2026/27 Limit
Commercial Income as percentage of Net Service Expenditure	14%	14%	11%	11%	11%

Role of Treasury and Investment Sub-committee

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

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

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