

# Cabinet Agenda



10 October 2023 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](mailto:dan.sharma-bird@chelmsford.gov.uk)

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# THE CABINET

10 October 2023

## 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 12 September 2023. The decision for Item 7.1 has been called in and that is being considered by the Overview and Scrutiny Committee on 19th October.

#### 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](mailto: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. Fairer Chelmsford Item

### 6.1 Amendment to Housing Allocations Policy

## 7. Leaders Item

### 7.1 Mid-Year Budget Review and Financial Forecast

## 8. Urgent Business

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

## 9. Reports to Council

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

**MINUTES OF  
CHELMSFORD CITY COUNCIL CABINET**

on 12 September 2023 at 7.10pm

Present:

**Cabinet Members**

Councillor S Robinson, Leader of the Council (Chair)  
Councillor N Dudley, Cabinet Member for an Active Chelmsford  
Councillor M Goldman, Deputy Leader and Cabinet Member for a Connected Chelmsford  
Councillor L Foster, Cabinet Member for a Fairer 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, P Wilson and R  
Whitehead

Also present: Councillors H Clark, P Clark, S Dobson, D Eley, S Goldman, J Hawkins, R  
Hyland, B Massey and A Sosin

### 1. Apologies for Absence

No apologies for absence were received.

### 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 6 July 2023 were confirmed as a correct record. No decisions at that meeting had been called in.

## 4. Public Questions

Three public questions were submitted before the meeting, two of which were asked in person, the responses are detailed below and under the relevant minute.

The first question highlighted the PSPO consultation responses and stated that they detailed an overwhelming rejection of the restrictions with over 60% opposition. It also stated that the 33 cited dog related incidents were across the whole of Chelmsford rather than just Hylands Park, alongside not showing the previous year's figures. The Cabinet were asked to confirm the actual number of dog related crimes committed at Hylands Park that had led to an arrest, caution or conviction and the number for the previous five years. The Cabinet were informed that the justification for the restrictions appeared to be based entirely on hearsay, scaremongering and rumour rather than actual evidence. The Cabinet were also asked to confirm that if passing the motion, the purpose of wasting taxpayer funds on consultations that were ignored, given the previous parking charge consultation at Hylands had shown overwhelming rejection, but was still implemented.

*The Cabinet Member for Greener and Safer Chelmsford addressed the points raised when introducing Item 7.1 and the response is detailed accordingly under that minute.*

The second question was asked in person and related to concerns with the situation with Saltcoats Park and Compass Gardens in South Woodham Ferrers. The Cabinet were reminded of the decommissioned toddler play area in Saltcoats Park after improvements were made at the Compass Gardens play area. It was noted that the area had been designated for an enlargement to the parking capacity at Saltcoats to prevent cars parking on the Ferrers Road verges. The Cabinet heard that residents had expressed concerns at losing the much loved facility and that the extra parking was not in the vicinity of Saltcoats Park. The Cabinet were asked to detail the total area that had been decommissioned in Saltcoats Park and whether extra play area had been provided in the upgraded Compass Gardens facility to compensate the loss of play space. The Cabinet were also asked to explain what the new plans were for the decommissioned area and when it would be usable again as it had been cordoned off for a long period with nothing happening.

In response to the question and points raised, the Cabinet Member for Greener and Safer Chelmsford stated that 660sq Meters of the 952sq Meters Saltcoats Park Infant Play Area was designated play spaces, with the remainder glass margins. They stated that the infant play area had been replaced by a Neighbourhood Play Area providing equipped play for all age ranges including infants. They also stated that the policy to integrate smaller age-restrictive play areas into larger, more inclusive Neighbourhood schemes had been introduced in 2012 as part of the Equipped Play Development Plan, which was still in progress. It was noted that the new area recently installed had always been planned to be followed by the removal of the infant play area, which was done in 2021. It was noted that the boundary fence and hedges had been retained, with the area being topsoiled and overseeded in Spring 2022 and 2023, with plans to return the area to parkland for informal recreational use. It was also noted that additional car parking had been requested by local sports clubs and the refurbishment of the car park in 2022 had provided additional spaces, deemed sufficient for current use. The Cabinet Member also stated it was important to consider the wider plan for the area, including a longer-term vision to relocate the Rugby club, creating a home sports ground for football and

cricket and the aspiration to provide improved club facilities too. The Cabinet Member also stated that an in principle agreement remained with all sports clubs, but more detailed work was required when the timings for the Burnham Road Masterplan and development were confirmed.

The third question was also asked in person and related to a Freedom of Information request that had been submitted to the Council, that had revealed that fly tipping in Chelmsford had reached its highest level for five years, alongside the introduction of the booking system by Essex County Council for household recycling centres. The Cabinet were informed that a report by DEFRA in January had seen other Councils with booking systems, having issues with higher pressure on kerbside collections where residents used this rather than making a booking at their household recycling centre. The Cabinet were asked what the City Council's position on the matter was, did it believe that more pressure was being placed on kerbside collections and was that being measured. The Cabinet were also asked if they felt this change would lead to more fly tipping and would it look to recoup the costs from the County Council.

In response to the question and points raised, the Cabinet Member for Greener and Safer Chelmsford stated that there had been no evidence of increased pressure on kerbside collections in Chelmsford or of increased fly tipping in the area, but that the City Council had opposed the countywide implementation on that basis. The Cabinet Member stated that it had appeared to be a one size fits all approach across the county, with no prior consultation with local authorities. It was noted that there hadn't appeared to be huge problems in Chelmsford with the previous system and it was frustrating that it had been imposed on residents, with very little input from the City Council. It was also noted that the continuance or otherwise of a booking system was a matter for the County Council and that the City Council would respond accordingly to any consultation.

## 5. Members' Questions

A question was asked by Councillor Massey at this point of the meeting, other questions were asked by Councillors under the relevant items. Cllr Massey asked if the City Council were treating issues of littering and fly-tipping as seriously as residents and queried if the City Council were using the powers it had properly. They noted that only 6 fixed penalty notices had been issued for fly tipping and littering in the previous year, compared to considerably higher numbers elsewhere in Essex. They also asked how many enforcement officers the Council employed, did this include a dog warden and given the income being received at other Council's, wouldn't increased staff numbers be in effect self financing?

In response the Cabinet Member for Greener and Safer Chelmsford and officers stated that the Council did employ a dog warden, along with five community protection officers who also assisted with environmental crimes and low level noise investigations. It was noted that the dataset referred to in the question had caused confusion as some local authorities had submitted information on all littering in their district, which is not how the City Council had responded. It was noted that 21 FPN's had been issued for fly tipping and littering, with every single fly tip investigated. It was also noted that 175 of these had left information leading to who may have been responsible and that 22 warning letters had been issued, with four FPN's and one prosecution. It was also clarified that the guidance from Government, was that

enforcement should not be a revenue raising enterprise and enforcement was instead designed to change behaviour. The Leader of the Council also stated that it was disingenuous to suggest that other Council's were taking issues more seriously and that it was not a policy failure.

## 6.1 Proposed Amendment to Housing Allocations Policy (Fairer Chelmsford)

### Declarations of interest:

None.

### Summary:

The Cabinet received a report seeking their approval for an amendment to the Council's policy for the allocation of homes from the Housing Register for those wanting to downsize to a smaller home.

### Options:

- 1) Amend the existing policy to allow applicants in three- and four-bedroom homes to be considered for general needs homes with two as well as one-bedroom homes.
- 2) Amend the existing policy to allow applicants to apply for any home smaller than their existing home.
- 3) Await the decision of the Gateway to Homechoice Board to see if the Council can join this consortium which would then create this change in policy.

### Preferred option and reasons:

Option 1) was the preferred option as it would be the quickest to implement and would retain the largest affordable homes for those families to whom the Council was struggling to meet its legal duties to, those that were homeless and living in temporary accommodation.

### Discussion:

The Cabinet Member stated that the proposed change in policy would assist with persuading individuals to downsize their properties, to assist with freeing up properties needed for larger families. It was noted that little response had been received with the offer of just one bed properties, but the proposed change would allow 2 bedroom homes to be downsized too and it was hoped this would have greater interest.

In response to a question, it was noted that occupiers were charged for the size of the properties they were occupying and not the number of occupants. It was also noted that the City Council did not hold a register of those who could potentially downsize, but Chelmer Housing Partnership had recently found there would be scope to work with and were willing to help incentivise downsizing.

RESOLVED to

1. Amend the existing policy to allow applicants in three and four bedroom homes to be considered for general needs homes with two as well as one-bedroom homes.
2. Monitor the changes and report to Cabinet in 12 months time on the effectiveness and impact on the housing options of others.

3. Change the wording of the policy to, "The applicant is a tenant of a registered provider within Chelmsford and is giving up a two-bedroom general needs property to move to a one bedroom property, or giving up a three or four bedroom general needs property to move to a one or two bedroom property."

(7.24pm to 7.32pm)

## 7.1 Hylands Park – Public Spaces Protection Order (Greener and Safer Chelmsford)

### Declarations of interest:

None.

### Summary:

The Cabinet received a report following a public consultation to consider a Public Spaces Protection Order for Hylands Park. The order would restrict areas of Hylands Park where dogs are allowed, where dogs are allowed off the lead and restricting the numbers of dogs that can be walked by any individual, thereby providing a safe environment for all park users.

### Options

1. To make the Public Spaces Protection Order as presented.
2. To make the Public Spaces Protection Order with amendments.
3. Not to proceed with the making of the Public Spaces Protection Order.

### Preferred option and reasons:

To make the order as presented and provide a safe environment for all park users.

### Discussion:

The Cabinet Member stated that there had been an issue with the map detailed in Appendix 2 and therefore the black hatching section would be amended if agreed, to remove where it had encroached onto the car parks near Hylands House and the Writtle entrance, detailing that dogs would have to be on leads in car parks at all times.

The Cabinet were informed that complaints had been increasing in Chelmsford, with a similar trend nationwide, with national police data showing a 34% rise. The Cabinet also heard that more than 85% of the park would still be available for dogs off lead and it was felt that the proposals were both an important and proportionate measure for higher risk areas in the park. It was noted that the consultation was not a referendum and had been an opportunity to influence proposals with strong feelings indicated on both sides of the argument. The Cabinet heard that the consultation responses had been carefully listened to and considered, leading to the suggestion for off lead restrictions not to apply in certain areas before 9am being added into the proposals. It was also noted that some elements of the PSPO were simply formalising areas where dogs were already banned such as the fort play area. It was also noted that the proposal for dog walkers to not be able to walk more than four dogs, was in line with RSPCA advice. The Cabinet Member thanked all the members of the public and the consultees who had responded. They stated that if agreed, there would be a phased approach to the new arrangements, with signage being installed, 8 weeks of advisory enforcement unless advice was repeatedly ignored and then proactive patrols, mainly intelligence led. The Cabinet



Member stated that the proposals were not about money, but about changing behaviour and helping everyone enjoy a safe space together, including plenty of areas still being available to walk dogs off the lead.

In response to the public question, the Cabinet Member detailed that, complaints to the Council about dog on human and dog on dog attacked had been increasing with 78 made to the Council in the year ending 1 July 2023, up 36%. It was noted that this was a national trend and several of the attacks had occurred in Hylands Park. It was noted that complaints were not just focused on one area, but Hylands had been chosen due to its significant size, meaning restrictions wouldn't disadvantage any particular section of the public and to the risk to young children in the busy green space between the playground and Stables centre visitor car park. It was also noted that the PSPO was designed to ensure the estate was a safe place for all and that a small minority of dog owners could cause concerns for large number of park users, it would be irresponsible to ignore those concerns. It was noted that dog owners who kept their dogs under control would have no issues and 85% of the park remained available for them off lead. It was also noted that comments had been taken into account from the consultation, but that it was to inform decision making and not a referendum on whether the PSPO should go ahead or not. The Cabinet Member highlighted that every single response had been considered and it was almost always the case that people who opposed a proposal were the vast majority of respondents to any consultation.

In response to a point raised, the Cabinet Member stated that Essex Police supported the introduction of the PSPO. The Cabinet Member also agreed with the point made about the PSPO amplifying awareness and that its intention was to achieve public safety and to reassure park visitors it was a safe space.

The spokesperson for the opposition raised concerns with the proposals and the response to the consultation. They stated that the consultation had fairly convincingly indicated a majority against the implementation of the PSPO and that it was disproportionate and unenforceable. They stated that they tended to agree with those views but accepted that it was advisory and not a referendum. They also stated that the vast majority of dog owners knew when to keep dogs on lead and the anti social behavioural element only arose from those not following the law. They did not feel the measures would prevent bad behaviour and those already doing so would just continue. They also queried why Hylands had been selected and held concerns that soon all parks would have similar measures.

In response to the points raised, the Cabinet Member stated that, those in control of their dogs would not be affected, with 85% of the park remaining available off lead. They also stated that the consultation had informed decision making with all responses being considered, demonstrated by the amendments to the proposals for the on lead area in the bowl being enforced only after 9am. They stated that they were surprised members were against creating a safer and more reassuring place for residents and that they felt the measures were proportionate. They also stated that the PSPO could be reviewed at any time and in line with their duty of care they would ensure all city spaces and parks remained safe.

Other members at the meeting raised concerns about whether the consultation had been a tick box exercise for a predetermined policy as the majority of replies were not in support of the proposals. Concerns were also raised about how the matter would be enforced if it was

implemented, especially when PSPO's were in place for matters such as dog fouling, but remained an issue. A question was also asked as to why existing legislation such as the Animal Welfare Act 2006 could not be utilised instead.

In response to the points raised the Cabinet Member and officers stated that the purpose of the PSPO was to protect users of the park and not to criminalise dog walkers. It was stated that it was designed to protect particularly young children but also all park users. It was noted that enforcement officers often heard after issues, that an issue had not been caused by a specific dog, but that even responsible owners could have issues with their own dog being off lead. It was noted that intelligence would be important in assisting with enforcement and that would begin with advice being offered rather than enforcement.

Members of the Cabinet stated that just because an issue had happened in one area, it doesn't mean it would happen in the same place and therefore a serious attack could happen at Hylands Park. It was also noted that some respondents had not understood the proposals, with some stating a massive area would be enforced, whereas the proposals actually left 85% of the park free for dogs off lead. It was highlighted that it was not unreasonable for restricted areas for dogs and that for the fort area as an example this was more than understandable. The recent dog attack elsewhere in the country was also mentioned and it was highlighted that this could happen anywhere and it would not be appropriate to ignore the possibility of similar attacks happening in Hylands Park. They also stated that the consultation had been listened to, with the proposals changing as a result and that it was not accurate to state that other PSPO's in Chelmsford were not working as you could not detail how significant issues would be without them in place.

RESOLVED that the Director of Public Places be authorised to make the Public Spaces Protection Order as presented, with an amendment to the black hatching section of the map detailed in Appendix 2, to remove where it had encroached onto the car parks near Hylands House and the Writtle entrance as dogs had to be on leads in car parks at all times.

(7.33pm to 8.07pm)

## 7.2 Food Plan (Greener and Safer Chelmsford)

### Declarations of interest:

None.

### Summary:

The Cabinet were asked to consider approving a Chelmsford Food Plan. The plan presented a significant step towards establishing a healthier and more sustainable food system in Chelmsford. It was noted that it would serve as a catalyst, uniting various stakeholders to align and amplify efforts aimed at promoting healthy eating and sustainable lifestyles.

### Options:

1. Approve the Food Plan.
2. Approve an amended version of the Food Plan.
3. Not approve the Food Plan.

### Preferred option and reasons:

Option 1 was the preferred option as the Food Plan would contribute to achieving the best possible environment for the health of residents and a thriving, sustainable local economy.

### Discussion:

The Cabinet were informed that the plan was an aspirational one, to encourage sustainable food sources, healthier diets and generally improved health and wellbeing for Chelmsford residents. It was noted that it was accompanied by an action plan and had been put together with an overarching partnership of different people and sectors. The Cabinet Member thanked the officers who had helped to prepare the plan and referred to the three stages of consultation that had been undertaken. It was noted that the plan would empower healthier food choices, tackle the Climate and Ecological emergency, tackle food poverty and create a sustainable food system within the City.

The spokesperson for the opposition welcomed the plan and stated that it represented a major step forward via strong partnership working. They asked however why food producers hadn't been included and queried whether it should include details on the use of sweets etc on till ends by supermarkets. In response the Cabinet Member stated that the education authority had been consulted but government legislation would be needed to improve the availability of healthy choices on the end of tills etc. They also stated that they were identifying farm shops and other local food providers to provide their input and as it was a live document it would be updated with their contributions. In response to another point made by another member it was noted that all the actions had been paid for within existing resources, funded by accessing funding bids from bodies such as the County Council and the NHS Mid Essex Alliance.

RESOLVED that the food plan be approved.

(8.08pm to 8.20pm)

## 7.3 Environmental Crime Fixed Penalty Notice Level of Fine (Greener and Safer Chelmsford)

### Declarations of interest:

None.

### Summary:

The Cabinet were asked to consider the levels of fine for fixed penalty notices issued for littering, graffiti, fly tipping and breach of household waste duty of care.

### Options:

1. Approve the proposed levels of fine.
2. Amend the proposed levels of fine.
3. Retain the current levels of fine.

### Preferred option and reasons:

Option 1 was the preferred option as the increased levels of fine reflected the seriousness and consequences of the offences, whilst taking into account people's ability to pay.

### Discussion:

The Cabinet Member informed the Cabinet that the Government had raised the fines available in July and the report was detailing the proposed levels. It was noted that the possible levels had been increased substantially and local authorities had the discretion to set up to the maximum amounts and any discounts. It was noted that discounts encouraged quick payments therefore reducing the amount of cases in court, the maximum amount would only be charged if matters were not dealt with quickly. The Cabinet heard that offences such as fly tipping were pre meditated and therefore higher fines were proposed, compared to littering which whilst still an offence, was often not as planned or pre meditated. Therefore, the discounted amount for littering was a larger discount.

The spokesperson for the opposition stated that they had no problems with the new levels or discounts, but held concerns about the enforcement of such fines. They felt that with only five officers it would be difficult to enforce such measures. In response it was noted that due to limited funding it would always be difficult to match aspirations in areas such as this.

In response to another point made by a member, it was noted that, all instances of fly tipping were investigated and it was hoped a £1000 fine would be higher enough to change behaviours. In response to a further point on fly tipping instances not leading to prosecutions, it was noted that with sufficient evidence they would always be investigated, but this did not always mean there would be enough evidence to then seek prosecution. It was noted that officers would contact the member about the instances raised outside of the meeting. It was also confirmed that some CCTV cameras were placed covertly at hotspots in the district to pick up incidents.

RESOLVED that the proposed levels of fine be approved.

(8.21pm to 8.33pm)

## 8.1 North Essex Economic Strategy and Delivery Plan (Growing Chelmsford)

### Declarations of interest:

None.

### Summary:

The Cabinet received a report setting out the progress on the collaborative working across the North Essex Economic Board area and to consider adopting the North Essex Economic Board Strategy and Delivery Plan.

### Options:

- a) That Cabinet adopts the North Essex Economic Board Strategy and Delivery Plan, or
- b) That Cabinet does not adopt North Essex Economic Board Strategy and Delivery Plan

### Preferred option and reasons:

The preferred option was Option A. The City Council had been a partner of the North Essex Economic Board since 2020 and the partnership had been successful in delivering a range of economic development initiatives alongside the other partner authorities, sharing resources, expertise and delivering positive outcomes. The adoption of the North Essex Economic Strategy and Delivery Plan would cement this partnership and lay the foundations for

continued joint working across the North Essex Economic Area. The Strategy aligned with the City Council's corporate, economic and spatial planning objectives and would also assist in shaping any economic activity that emerged from the devolution agenda and associated discussions.

#### Discussion:

The Cabinet Member highlighted that the Board had been an excellent example of local authorities working together, in the way that the public expected. It was noted that the Board had worked together to support businesses and during Covid, had realised it could achieve economies of scale when receiving funding and reduce bureaucracy by pulling money together and jointly commissioning work. The Cabinet also heard that jobs had been safeguarded during the pandemic and the work of the Board continued to be a good example of what can be achieved through partnership working.

In response to questions raised, it was noted that the Board did scrutinise their work, by looking at which businesses were benefiting and if they need continued support, alongside key performance indicators being used too. It was also noted that the Tindal Square development was a key example of where having a shovel ready project within a strategic framework enabled the Council to access a funding stream quickly. It was also noted that all board members were cabinet members of each authority, therefore despite board members not being directly elected, they were already elected representatives of each authority. It was confirmed that some further information on the Board would be supplied to a Councillor outside of the meeting.

RESOLVED that the North Essex Economic Strategy and Delivery Plan be adopted and the work of the North Essex Economic Board continue to be supported.

(8.34pm to 8.46pm)

## 9. Urgent Business

There were no items of urgent business.

## 10. Reports to Council

None of the items were subject of recommendations to the Council.

The meeting closed at 8.46pm

Chair



## Chelmsford City Council Cabinet

10<sup>th</sup> October 2023

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### Amendment to Housing Allocations Policy

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Report by: Cabinet Member for Fairer Chelmsford

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Officer Contact: Paul Gayler, Strategic Housing Services Manager  
Email [paul.gayler@chelmsford.gov.uk](mailto:paul.gayler@chelmsford.gov.uk) Telephone 01245 606375

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#### Purpose

To seek approval for an amendment clarifying the Council's policy for the allocation of homes that have been provided in addition to planned and existing general needs housing stock with funding intended to meet the need of a specific group from the Housing Register.

#### Options

- 1) Retain the existing policy as it is;
- 2) Amend the existing policy to expressly state how other allocations can be made without the need to rely on the delegated authority of the Strategic Housing Services Manager;
- 3) Amend the wording of the policy to specifically allow the Strategic Housing Services Manager to make decisions on the allocation of housing provided through additional funding for specific purposes in general.

#### Preferred option and reasons

Option 3 is the preferred option because it avoids the ambiguity of Option 1 and the operational problems of Option 2. The policy grants delegated authority to the Housing Services Manager in exceptional cases, this could be interpreted as events that are unforeseen and unplanned and therefore not apply to cases where additional homes are provided through funding to meet a specific purpose. Option 2 may need to be revised and updated as operational issues change, or new opportunities arise causing delay. Both of the other options could also create a risk of future challenges.

## Recommendations

Option 3 is approved and implemented as soon as possible and decisions made for the allocation of housing as a result of this amendment will be fully documented in accordance with the existing policy.

The wording of the policy would be changed by the inclusion of the words in italics to:

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“Allocations of social housing will be through the Housing Register in accordance with the provisions of the Allocations Scheme. The Council recognises that there may be some exceptional situations not covered by the Allocations Scheme. In such instances, The Strategic Housing Services Manager will have delegated authority to make decisions, as *they* consider appropriate, and these will be fully documented.

*This will include the allocation of homes that have been provided to meet the need of a specific group where funding has enabled an additional supply of homes specifically for this purpose.”*

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## 1. Background

- 1.1 The majority of the supply of affordable homes allocated through the Housing Register should come from the reletting of existing housing stock. Over the last 20 years this supply has gradually decreased and Members will be aware of a recent change to the Council's Housing Allocations policy and other actions that seek to remedy this.
- 1.2 The supply of new affordable homes has been delivered mainly through Section 106 Agreements with developers of new homes, requiring a proportion to be built with nomination rights given to the Council by legal agreement.
- 1.3 There has recently been announcements by central government of opportunities for local housing authorities and Registered Providers to acquire funding to create an additional supply of homes, whether new-build or through the purchase and change of tenure of existing homes, to meet the needs of a specific group. Although restricted in who may benefit, opportunities such as this do help to relieve the pressure and create more opportunities for others applying to the Housing Register. In some cases there is also the opportunity for the restriction to be lifted when these additional homes become available through reletting.
- 1.4 We expect that there would only be a very small amount of homes delivered where this amendment would apply and the allocation, whilst restricted to a specific group, would still follow the principles of meeting the most urgent need and taking into account the time households with that level of need have been waiting.
- 1.5 Naturally we want to be able to work with local Registered Providers to increase the number and supply of affordable homes for rent, especially larger family homes and take advantage of such opportunities. The current wording gives delegated authority

to the Strategic Housing Services Manager to make nominations outside of the express terms of the policy in “exceptional situations” and if relying on this with no amendment could be challenged for not being an appropriate description of housing that requires planning with partners for its funding, acquisition and use.

- 1.6 The growing gap between the need and supply of affordable homes has prompted government bodies such as Homes England and others to make funding available to ensure an additional supply of homes to meet the need of some vulnerable groups to whom the Council has a duty to house if homeless. We need to be confident that we can lawfully continue to allocate homes in the future whilst also making best use of every opportunity to increase the supply of homes that are needed.

## 2. Conclusion

- 2.1 As the housing crisis deepens, local housing authorities may come under greater scrutiny by those who remain in housing need and those supporting them as to how and why homes have been allocated to others and not them. The proposed amendment will help protect the Council from legal challenges and reduce the risk of being unable to benefit from new opportunities.
- 2.2 All local Registered Providers have been consulted about the proposed amendment and those that responded were positive about this change as it has prompted them to think of ways enabling an additional supply of homes could help alleviate housing need in a strategic way as well as for a specific group of people, for example older people who want to move to more appropriate housing.

### List of appendices:

None

### Background papers:

None

### Corporate Implications:

**Legal/Constitutional:** The Council has complied with its legal requirements for any proposed change to its allocation policy by consulting with Registered Providers. Ensuring an adequate supply of affordable homes is essential to the Council’s ability to meet its other legal duties as a local housing authority. All homes will continue to be allocated in accordance with Housing Act 1996 Part 6

**Financial:** There are no direct cost implications in changing the policy. Improving supply should reduce the rising need and cost of temporary accommodation especially for those needing larger affordable homes and increase the level of investment available for those who need affordable housing in Chelmsford.

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

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



Personnel: none

Risk Management: lack of affordable housing suitable to meet the most urgent housing need is a high corporate risk, as is the rising need for temporary accommodation and the impact this is having on applicants and staff.

Equality and Diversity: an improved supply and opportunity for housing will benefit those with protected characteristics such as disability and age.

Health and Safety: none

Other: none

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**Consultees:** Registered Providers with housing stock in Chelmsford

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**Relevant Policies and Strategies:** Chelmsford City Council Housing and Homelessness Strategies

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## Chelmsford City Council Cabinet

10th October 2023

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### Mid-Year Budget Review and Financial Forecast

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#### Report by:

Leader of the Council

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#### Officer Contact:

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#### Purpose

The purpose of this report is to provide an update on the Council's projected financial position in 2023/24 and over the medium term. It also identifies actions for the budget process.

#### Options

After consideration of the updated financial forecast the options are:

1. Agree the actions recommended.
2. Propose other amendments to the actions.

#### Preferred option and reasons

Approve the actions as recommended, as they will enable the production of a budget for 2024/25

#### Recommendation

That Cabinet note the updated financial forecast and approve the actions.

## 1. Introduction

This report provides a financial forecast to enable members to consider the current financial position and the key issues that can be expected to be reported upon when the Council sets its budget for 2024/25.

The report contains:

- 1) Mid-Year 2023/24 budget review; current year income and expenditure compared to the approved budgets (Appendix 1)
- 2) Housing Temporary Accommodation demand and costs (Appendix 2)
- 3) Background on the wider Local Authority Sector (Appendix 3)
- 4) Medium Term Revenue Budget Forecast (Appendix 4) and
- 5) Reserves Forecast (Appendix 5)

The report that follows highlights the key points and actions that arise from the matters included in the appendices.

## 2. Summary of Financial Position

The following summary is drawn from the detailed Appendices to this report.

### Current Year 2023/24 Revenue

There are in Appendix 1 projections of 2023/24 income and expenditure. The Appendix shows a net overspend against the original budget which requires the use of an additional projected use of General Fund (unearmarked reserves) of £1.824m. The largest cost variance is the Pay award £1.66m (£0.39m ongoing and £1.27m for a one-off payment) which has been approved. The most serious adverse variance is Temporary Accommodation costs, which are forecast to be £1.3m above the budget. This is an ongoing cost and expected to rise further in later years. The Council's income position is a mixed picture, but with several favourable items especially higher investment income (£1m) the result is in an overall improvement in income as measured against the budget.

After allowing for approved variances the net unapproved variations are £0.134m (overspend).

More details can be seen in Appendix 1

### National Position -local authority Finances

There is a rapidly growing number of Councils declaring S114 notices (effectively bankruptcy) or announcing that they are nearing the point that will happen. Appendix 2 contains further background and examples of this national picture. Many of the early S114 notices were caused by risky investment strategies, resulting in debts that were unaffordable. However, it appears that the increasing trend is for local authorities to warn of the imminent likelihood of a S114 notice, due to growing cost pressures and insufficient government funding. Councils have pointed to increases in demand for adult social care, children's services and temporary accommodation costs as being the main causes.

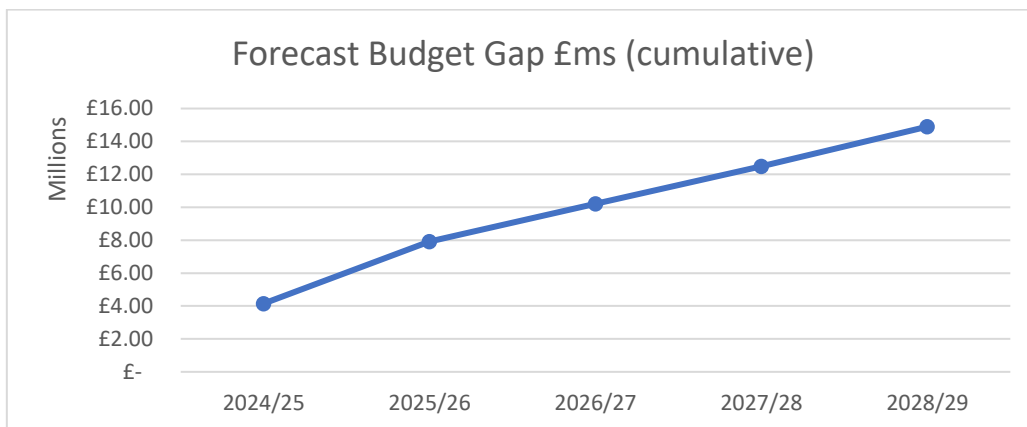
Some Councils are considering what are their statutory services, so they can move to minimum service provision to help balance their budget. At Birmingham City Council (who recently declared a S114), this question is proving difficult to answer as the legal position is unclear.

The forecast budget and reserves in this report demonstrate that a S114 notice is not needed at the City Council. However, the actions the Council takes in this budget cycle will need to reflect the challenging financial position that has been identified. It is clear that the Council has been and continues to be well run, but it cannot continue forever to fund growing cost pressures and demand internally when Government funding and Council Tax do not increase significantly to reflect those pressures.

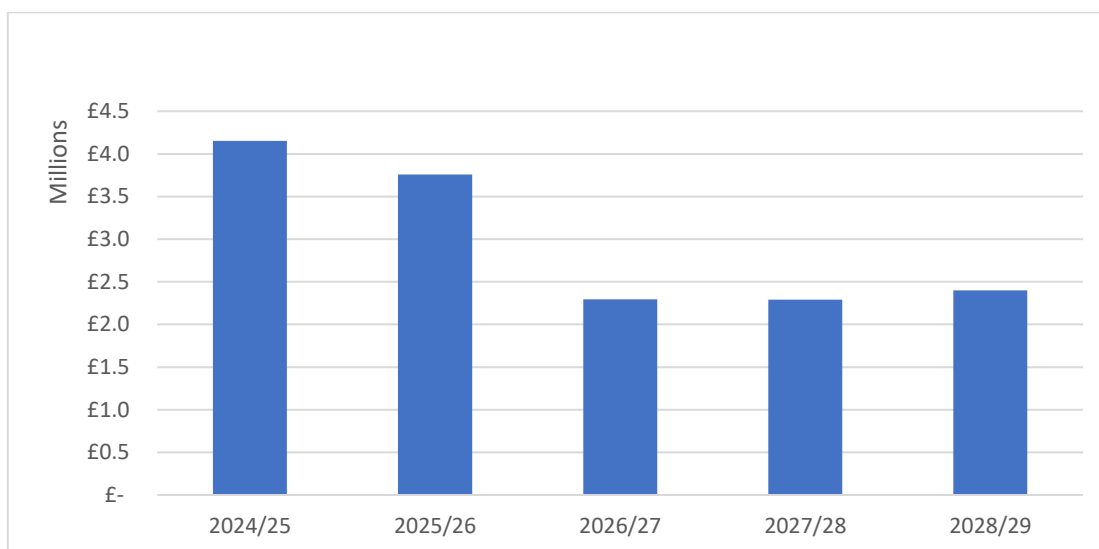
Eventually the burden of financial pressures on Councils will only be met by large cuts in services and recent evidence shows Councils will often financially fail before the cuts are made. Without increased Government funding it seems likely that ever larger numbers of Councils will be declaring S114 and debates about what are statutory minimum service levels will need to be resolved.

Future Year Revenue Budget Forecasts

The Forecast budget shortfalls on a cumulative basis:



The annualised shortfalls/ are shown below.



The causes of the forecast budget deficit are shown on the next page (showing year on year changes).

Revenue Budget Projection - High Level Summary					
	2024/25	2025/26	2026/27	2027/28	2028/29
Financial Pressures +(net)/- gains	£ms	£ms	£ms	£ms	£ms
Cost Inflation	2.397	1.439	1.478	1.520	1.563
Additional Fees and Charges pricing plus yield	-2.273	-1.209	-1.226	-1.248	-1.271
Housing Temporary Accommodation	2.730	1.399	1.513	1.571	1.631
Other	0.873	1.069	0.530	0.449	0.478
Ongoing Rents & Events Loss	0.475	0.000	0.000	0.000	0.000
Capital Financing	1.528	1.208	0.000	0.000	0.000
Net Council position before Government funding changes	5.730	3.906	2.295	2.292	2.401
Business Rate Retention -estimated higher income	-1.000	0.000	0.000	0.000	0.000
Government funding	-0.579	-0.147	0.000	0.000	0.000
<b>Annualised Budget Gap forecast</b>	<b>4.151</b>	<b>3.759</b>	<b>2.295</b>	<b>2.292</b>	<b>2.401</b>
<b>Cumulative</b>	<b>4.151</b>	<b>7.910</b>	<b>10.205</b>	<b>12.497</b>	<b>14.898</b>

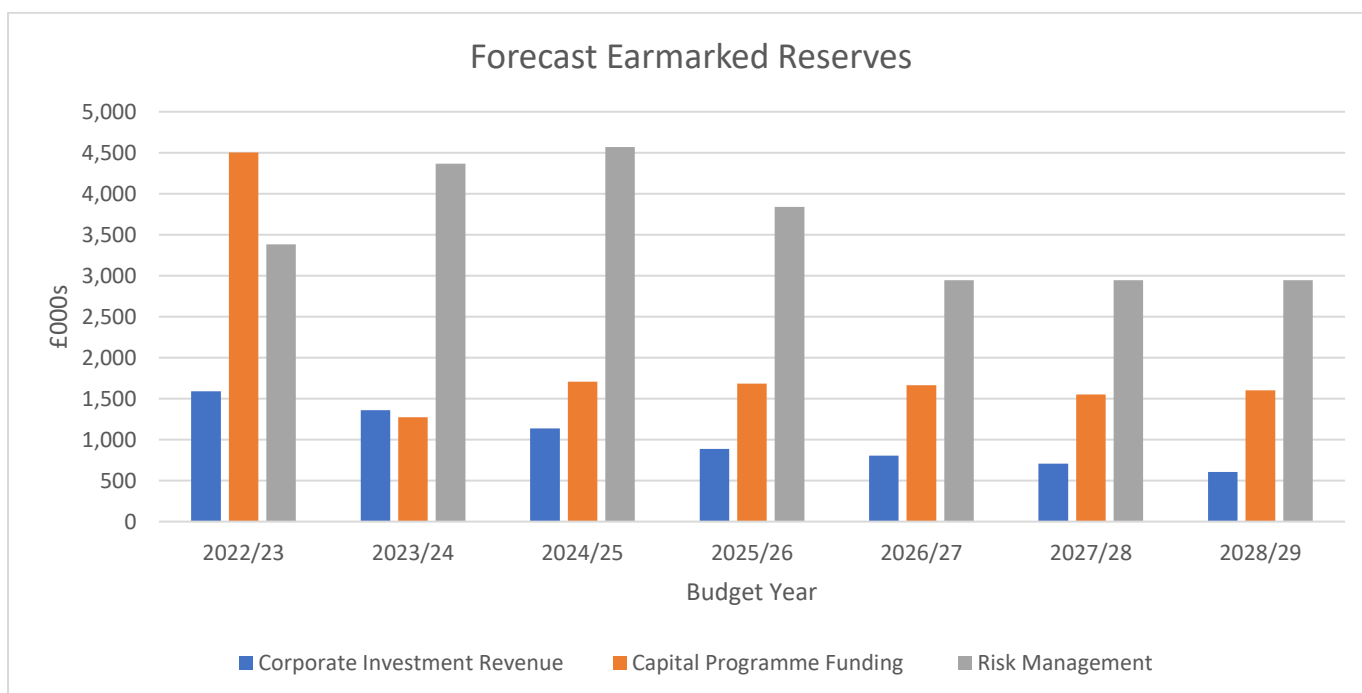
A more detailed schedule is shown in Appendix 4. The key explanation of the variations is below:

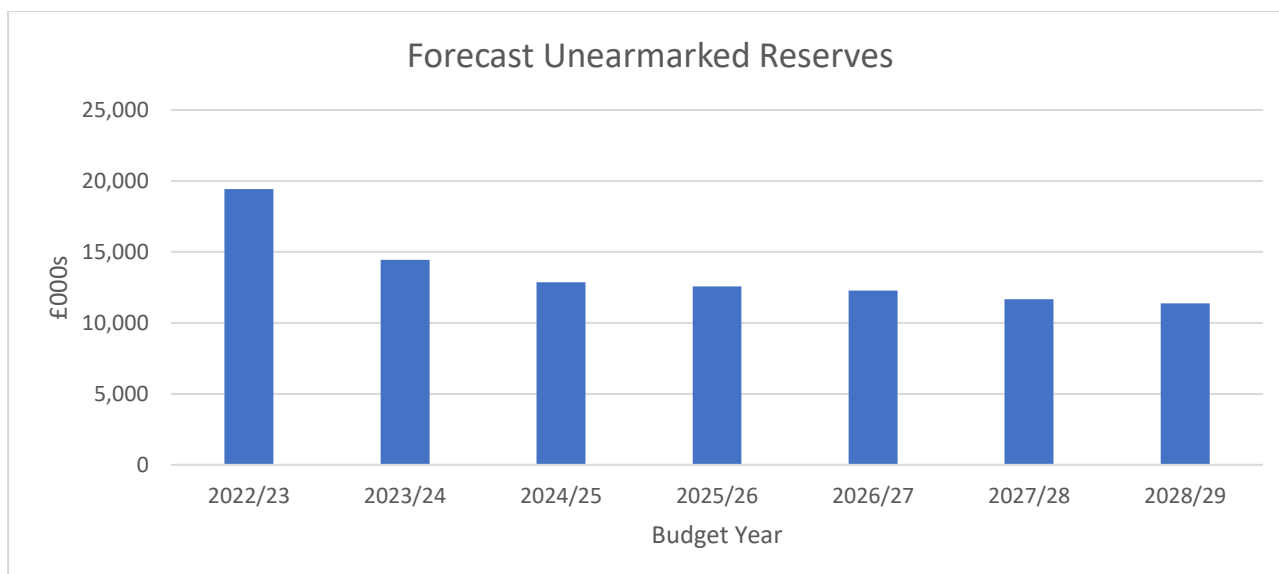
1. Inflation on Council costs remains a problem with the largest concern, staff pay, forecast to increase by 4% in 2024/25 and 3% thereafter. The pay award for 2023/24 was not fully covered by the budget so some £0.4m has been added into the forecast. It is important for the ongoing financial sustainability of the authority that estimates for pay awards are closer to actual awards. The consequence of pay awards above the budget, are higher use of reserves and also increases in budget shortfalls in later years.
2. Offsetting the cost of inflation are forecast increases in fees and charges prices and yields (assumed 3% average). Also, Council tax is assumed to increase annually by 3%.
3. Nationally, there is evidence of a growing housing crisis. Appendix 3 provides projections for temporary accommodation need. The types of temporary accommodation (TA) available and the size of the household will affect the cost. Last year's average cost for each household was around £9,000. The projections suggest an additional 149 households will need accommodation in 2024/25. Allowing for the overspend in 2022/23 and in 2023/24, this results in an additional £2.7m being added into the budget for 2024/25. Both numbers in TA and cost per case could of course vary significantly and this is discussed in Appendix 3 and in the risk section below.
4. The Council owns properties and receives rents. A worsening national economic environment has meant that rent income has fallen, in some cases on a permanent basis. Additionally, there is uncertainty around event income at Hylands. When rent income is temporarily reduced, reserves can be used to offset the losses. The forecast includes ongoing losses of income rent of £0.5m. The forecast allows for reserve use of £1.1m for temporary rent loss but this will be reviewed and amended as the budget work progresses.
5. The Council has recognised in all its previous financial forecasts that the revenue costs of financing the capital programme would rise over time and this should be considered a normal consequence of the City Council's activity. It was noted in the February 2023 budget report that the rising costs of the programme and higher interest rates would require the programme to be reviewed. It is essential to understand that the current financial forecast only includes **costs** for the Waterside scheme, the Council's largest capital project, but no allowance for capital **receipts** or ongoing **income** from the project. The approach to develop the site is being determined and will be subject to a Council decision at a later date, so the value of the financial benefits of the scheme are not yet identified. Projections of the overall revenue costs of capital financing after 2026/27 are frozen, so as not to overstate them in later years. This cost will be revised once the capital programme has been reviewed and the Waterside development plan has been approved.

6. The Business rate retention scheme is a complex method by which the Government shares with Local Authorities the growth in Business Rate income in their area. As previously reported to July Council, the current estimate is an additional £1m a year can be included in the 2024/25 budget. Officers remain confident in this projection, but it should be noted that business properties were revalued for 2023/24 and there remains some doubts about the impact of appeals on the amount of income the Council could retain.
7. Core Government funding is expected to increase by a similar amount as in 2023/24, and statements by ministers support this assumption. Homeless Prevention grant is also assumed to increase in 2024/25 on similar lines to the increases seen in 2023/24 (circa £300k), but there is less evidence to support this. However, the nationwide problems with rising temporary accommodation use suggest an increase in Government funding is probable.
8. There are other, non-inflationary pressures included in the forecast. These costs will be clarified in the budget for 2024/25 and should be taken as indicative. They mostly relate to staffing, including retention issues.

### Reserves

The Council’s forecast reserves are shown in the graphs below. The Section 151 officer believes as the unearmarked reserve (general balance) is projected to remain above the minimum recommended level (£9m) it is therefore sufficient for the forecast period. But this is reliant on the working assumption that the 2024/25 budget will be balanced by a mix of measures and not overly reliant on reserve use. To help manage and understand financial risk, sums are transferred from the Unearmarked Reserve into Earmarked Reserves. A breakdown of the individual reserves is in Appendix 5.





### Upside and Downside Risks to the Forecasts

A summary of the key known risks are:

- **Housing crisis:** the forecast of temporary accommodation could have a significant upward or downward error of hundreds of thousands of pounds. For example, with an expected cost of £10k per household per year, a 50-case load variance would generate a £0.5m forecasting error. There are, however, strong indications that new case costs could, in fact, rise significantly, perhaps to circa £17k average per TA home due to a shortage of accommodation. Appendix 2 identifies that Hastings Council has reported 1,000 households in temporary accommodation and the S151 officer of Hastings has warned of potential S114 notice as a result if cost savings or new income cannot be identified.
- **Timing of capital spend:** The Council's revenue forecast includes cashflow and financing costs based on estimated start and completion times of capital projects. Historic precedents suggest that the programme expenditure occurs later than forecast. This would mean lower revenue costs, which (given current interest rates) could amount to several hundred thousand pounds saved. As the capital programme is being reviewed, significant changes to financing costs are a real possibility.
- **Inflation (including utility costs):** The forecast assumes an easing of inflationary pressures. This is supported by economic forecasting. However, forecasts of energy costs are not robust and risks both to the upside or downside are a real possibility. Inflation of capital project costs also needs to be considered in more detail in the 2024/25 budget process.
- **Business rate retention:** The level of appeals by business against new valuations could have a short-term detrimental impact on the income the Council expects to obtain.
- **Government funding:** The forecast assumes small increases in funding. There is scope for the increases to be higher; it is considered less probable that funding will be reduced by government, given the widely reported financial difficulties authorities are reporting nationally.

Actions arising from this report.

1. Given Homelessness projections are the major cause of the forecast budget gap, continual validation of the estimate will be necessary throughout the budget process.
2. An officer working group involving all disciplines across the Council has been created to generate an action plan to address and alleviate where possible the issues (including financial) resulting from growing homelessness (temporary accommodation). This will be an ongoing review, and the group will report on proposed actions later this year. However, it is not expected to materially resolve the financial issues for 2024/25.

3. Earmarked reserves should be maintained along the lines identified in Appendix 5 of this report to manage known material risks such as temporary loss of rent income. The reserves shown in the report are an initial consideration and the budget process may identify further changes. The earmarked reserves will be maintained by transfers from the general fund (unearmarked reserve). The existence of earmarked reserves gives Members a view of financial risks and known costs.
4. Review the capital programme spend and its estimated timing. This is needed to reduce or defer capital cashflow so minimise financing costs on the revenue budget.
5. Prepare a budget on the assumption that £4.2m of savings, efficiencies and additional income are needed to balance the 2024/25 forecast budget gap.
6. Continue to lobby Government for increases to funding.

### **List of Appendices: Background & Contents of the Report**

#### **The report contains:**

**Appendix 1** – Revenue Monitoring 2023/24

**Appendix 2** – National Position - Local Authority Finances

**Appendix 3** – Temporary Accommodation

**Appendix 4** – Revenue Forecast

**Appendix 5** – Reserves

Background papers: None

### **Corporate Implications**

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

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

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

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

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

**Risk Management:** Due regard to the Council's Principal Risk Register should be had when considering its budget plans, financial forecasts, and level of reserves. The production of, and adherence to, the Strategy mitigates the risk of financial failure. Challenges to the Council's financial position are reflected in the Principal Risk Register, while the financial impact of other risks are considered within the Principal Risk Register as appropriate.

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

**Health and Safety:** None

**Digital:** None

**Other:** None



**Consultees:**

Cabinet Members, Chief Executive and Directors, Monitoring Officer

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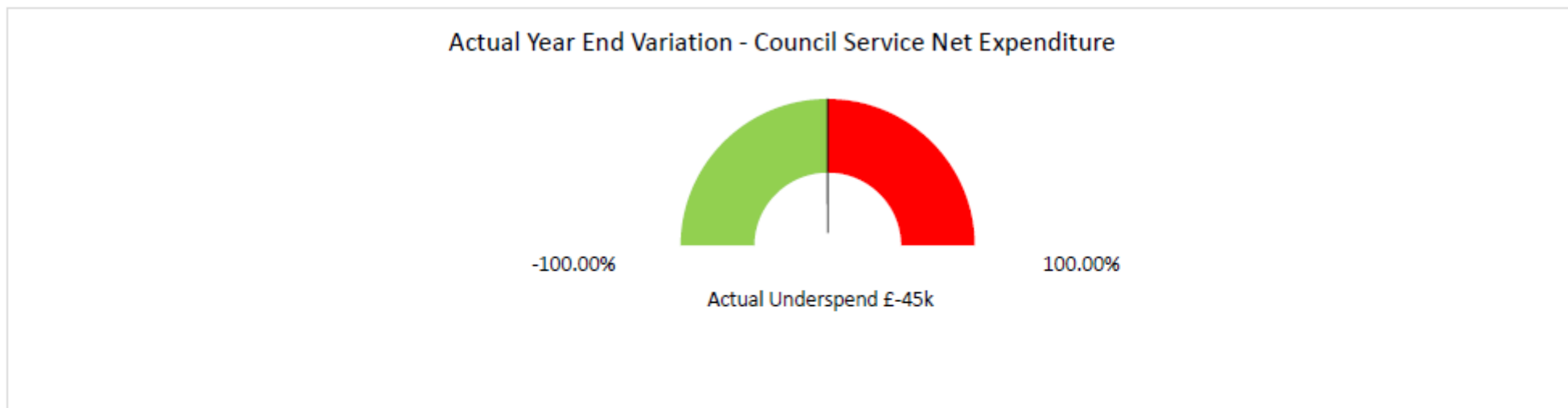
**Relevant Policies and Strategies:**

Our Chelmsford: Our Plan

Capital and Investment Strategy 2022/23

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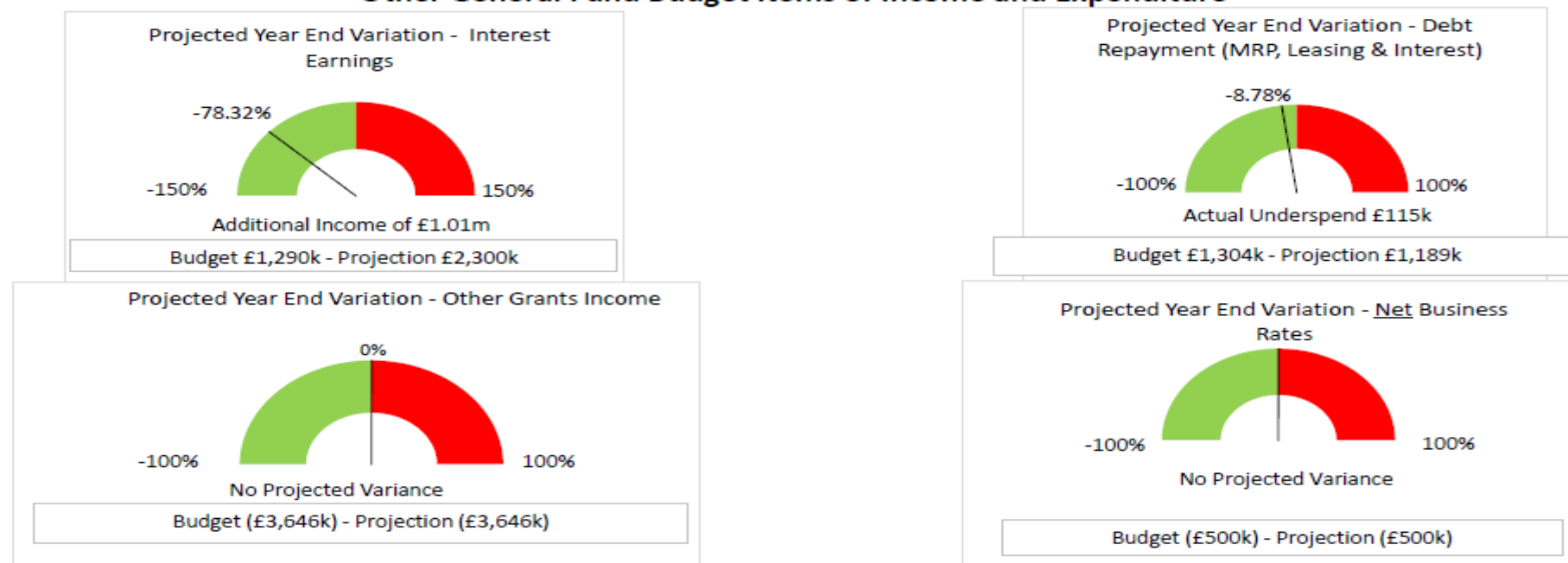
## Chelmsford City Council Variances - Revenue Monitoring 2023/24



The figures are forecasts so will be subject to revision. Service managers working with Accountancy identify the most likely outturn position for income and expenditure which are aggregated into this report. Any ongoing changes to the forecast will need to be reflected in the 24/25 budgets. Please note where approval of additional expenditure has been made this will not show as variance. In the current year some £1,889k of additional expenditure has been approved (£1.66m relates to higher than budgeted pay award)

Note	Key Variations	Actions	Risks
1)	<b>£1,321k net overspend on Temporary Accommodation</b> made up of TA HB subsidy loss (£875k), CHP repairs (£224k), bad debt provision/write-offs (£265k), other TA (£43k). Based on expected caseload and inflationary pressures	A Housing working group has been set up to look at minimising TA and sourcing cheaper alternatives. TA forecasts could be materially different to the current forecasts and so this will continue to be monitored throughout the year.	Costs continue to rise due to increasing interest rates putting pressure on landlords' mortgages. TA forecasts prove to be optimistic rather than pessimistic and households in TA rise further
2)	<b>£1,000k estimated underspend on electricity and gas</b> due to lower prices than budgeted for	Gas and Electricity can now be purchased over a 2-year period to give more stability over pricing moving forwards for the Council. The saving will reduce reserve use in 2023/24. As the budget assumed £1.5m of energy costs would be funded from reserves.	Global factors can significantly impact on utility prices, there is considerable uncertainty around prices moving forwards, with upward or downward pressure both possible
3)	<b>£247k underspent on vehicle fuel costs</b> due to lower prices than budgeted for. <b>However, the premium for HVO</b> has increased against the budget	Continue to monitor fuel spend and prices, especially with HVO fuel being used from this year onwards. HVO fuel has now been purchased from September onwards	Global factors can significantly impact on fuel prices. There have been recent price rises.
4)	<b>£320k overspent on leisure and heritage casual staff</b> due to covering vacancies and sickness and increased levels of activities	Budget is being reviewed as part of the MTFs with an additional £260k is recommended to be added to the 2024/25 budget	Level continues to increase
5)	<b>£400k estimated additional car parking income</b> based off latest throughput figures for 2023/24	Continue to monitor customer throughput numbers and assess whether this gain is ongoing	Customer trends change compared to previous years or competitors out price Council car parks
6)	<b>£421k additional income</b> from IAA Foodwaste grant (£122k) and recycling sales and credits (£299k)	Monitor tonnages collected and prices achieved for sales of recycling commodities as these can fluctuate significantly	Inflationary pressure on prices
7)	<b>£122k additional income</b> from increased weddings and events at Hylands	Budget to be reviewed as part of 2024/25 budgets including review of fees and charges	Additional costs outweigh income
8)	<b>£203k reduction in income</b> from High Chelmer Shopping Centre due to £103k accrual difference from 2022/23, & an estimated £100k shortfall 23/24	Work with the new agent is ongoing to try and maximise income in future years	Customer trends continue to move away from high street shopping so potential negotiations on leases and reduced income from turnover rents
9)	<b>£200k reduced income</b> at Cem & Crem (made up of £300k loss on fees and charges, offset by an estimated additional £100k income on sales)	Analyse whether budgets need to be adjusted for reducing customer numbers	Customers choose alternative venues

### Other General Fund Budget Items of Income and Expenditure



Note	Key Variations	Actions	Risks
1)	£1,010k additional estimated income from interest earnings due to higher cash balance than predicted and several additional Bank of England base rate rises compared to the budget	The VAT refund from HMRC has now been paid, increasing cash balances in the year, and further rate rises have continued to push up the Council's interest earnings	Income is expected to fall as the capital programme draws down invested cash. Higher capital costs reduce interest earnings further. Interest rate projections remain volatile.
2)	£115k underspent on MRP, Leasing and Interest paid due to a more effective application of borrowing between short- and long-term assets. Also, lower expected spend in 2022/23.	Monitor the capital programme and delay any spend, when possible, to reduce the revenue impact on the Council	Interest rates continue to rise, and capital schemes overspend, resulting in higher MRP and interest costs
3)	Business Rates Note - It is expected that the Council will retain more income than the £500k budgeted above. Latest estimates for 2023/24 indicate that £2m additional income could be earned.	It is proposed to transfer any income above the £500k level to an earmarked reserve to cover the risk of business rate retention income fluctuations in future years.	Incorrectly identifying the ongoing impact of the Business Rate Retention scheme.

### Use of Reserves

#### Projected Year End Variation - Contribution/Use of Earmarked Reserves

Reduced Use of £1.304m

Changes in the use of earmarked reserves are often offset by changes in the expenditure in the service accounts.

The original budget was a £2,608k use of Earmarked reserves. Additional use of earmarked reserves has been approved so the latest budget for 23/24 is a use of £2,808k. This covers specific spend such as on utilities, fuel, insurance and pension deficiency payments.

The projection is a reduced use of £1.304m, which is made up of £1m reduced use of the utility costs reserve and £304k reduced use of the fuel reserve. Both of these are shown as variations at the service level above.

The supplementaries reserve is set at £200k for 23/24, with the entirety used up in the figures above. Further supplementaries have been committed to take the total supplementary estimates to £367k for the financial year.

#### SUMMARY

The service budgets for 23/24 total just over £28.1m. These are currently projected to be underspent by £0.04m, which is made up of the following key variations:  
 £1,321k overspent on TA costs  
 less £1,000k estimated underspend on utilities  
 £400k estimated additional car parking income

Non-service variations are made up of projected additional interest earnings of £1,010k, reduced debt financing costs of £115k, and reduced use of earmarked reserves of £1.304m, resulting in an additional use of the General Fund Balance of £134k.

The full £200k supplementary reserve balance has been committed for 23/24, and so any further supplementary estimate budget requests will have to be funded from the General Fund Balance if approved.

Several of the variations look to be ongoing for budget purposes and so will need to be considered as part of the 24/25 budget process, with Housing costs in particular being of concern for the forward forecast.

#### Projected Year End Variation - Contribution/Use of General Fund Balance (reserve)

Additional Use of £134k

The original budget for 23/24 is a £0.624m use of the General Fund Balance. The pay award and additional supplementaries not funded by earmarked reserves have been added in, resulting in a latest budgeted use of £2.313m.

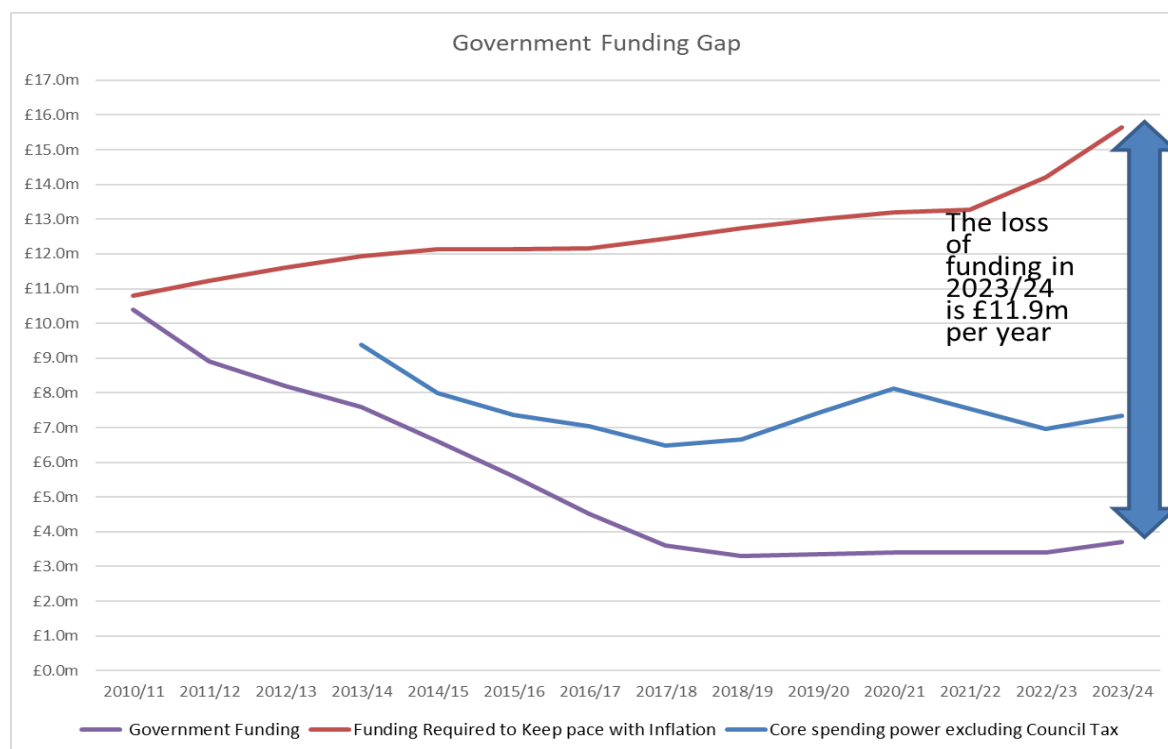
The total projected use of the General Fund Balance for 23/24 is £2.448m, an additional use of £0.134m compared to latest approved budget. Compared to the original budget this is the use of an extra £1.824m .

The majority of the additional General Fund Balance use from the original to latest budget is because of the 23/24 pay award.

As mentioned to the left, any further supplementaries that are approved throughout the financial year, will come from the General Fund Balance as the Supplementaries Reserve of £200k has been fully committed already.

## National Position - Local Authority Finances

### 1) Budget problems driven by Central Government funding since 2010/11



The graph shows Government funding from 2010/11 uplifted by inflation to arrive at a notional red line of what funding would have been. However, since 2010/11 funding has been cut. The blue line is the Government’s preferred measure of Council funding (Core Spending Power). The more ‘like for like’ comparison is the purple line, which shows Government funding but excludes New Home Bonus and S31 grants both of which the Government has identified as likely to be lost in funding reviews. The estimated loss is £11.9m per year, for comparison, the Council generates some £15m from Council tax annually. The real terms cut in grant funding has been offset over the period by the Council increasing fees and charges locally, savings, efficiencies and identifying new income streams (previously, this included acquiring commercial property).

### 2) New Pressures

Recent budget reports have highlighted the large detrimental effect inflation has had on the Council’s budget inflation remains a significant ongoing concern for all Councils.

More recently, the financial problems at local authorities have now become national headline news. Increasing numbers of local authorities are declaring themselves in a position where their budget gaps have reached levels beyond their ability to balance. Nationally Councils are making clear that efficiency savings as an option have almost run out and those identified in 2023/24 have proven difficult or impossible to deliver. Many more have warned that their need to issue a S114 notice is only a few years away, based on their current forecasts. Councils declaring S114 have reserves that are not sufficient to support the budget shortfalls even in the short term.

Different cost pressures are being cited by Councils to explain their large deficits:

- Debt levels of unsuccessful commercial investment strategies. This explains most of the S114 notices formally declared e.g., Thurrock and Woking. The size of the debts and failure, demonstrated by debt levels many multiples of their annual budgets.
- Inflation (including pay costs)
- Social care seems to be the most common reason cited for upper tier councils.
- Homelessness which is affecting large metropolitan councils and districts. In March 2023 Birmingham City Council reported a 17% increase in households in Temporary Accommodation from the previous year (with Manchester City increasing by 28% and Cornwall council by 44%). Hastings District Council has sold assets to offset the cost of over 1000 households in temporary accommodation and the S151 Officer has warned that a S114 notice is possible.

According to a survey by the Special Interest Group of Municipal Authorities (Sigoma, which represents 47 local authorities in the North, the Midlands and on the South Coast), at least 30% of them are considering declaring effective bankruptcy this year or next by issuing a S114 notice.

Although there is no public list of authorities with financial problems, the Government is monitoring many authorities, thought to be more than 120.

Examples of the reported financial warnings issued by Councils are:

- **Kent County Council:** reported a forecast overspend of £67.4 million for 2022/23, and said it was facing “unprecedented financial challenges” due to rising demand for services, inflation costs, wage rises, and funding cuts. The council said that without additional government support, it could be forced to issue a S114 notice within the next year or so.
- **Guildford Borough Council:** issued a S114 notice in July 2023. The council blamed the COVID-19 pandemic, which reduced its income from fees and charges, business rates, and council tax, and increased its expenditure on homelessness and other services.
- **Hastings Borough Council:** The council warned that it was at risk of issuing a S114 notice in May 2023, after it forecast a budget deficit of £7.5 million for 2023/24. The council cited the COVID-19 pandemic, which affected its tourism and leisure income, as well as the high cost of temporary accommodation for homeless households.
- **Southampton City Council:** announced that it was considering issuing a S114 notice due to an estimated budget shortfall of £55.9 million for 2023/24. The council attributed the financial pressure to the COVID-19 pandemic, which reduced its income from parking, leisure, and commercial activities, and increased its spending on social care and public health.
- **Bradford Metropolitan District Council:** revealed that it was facing a potential S114 notice in July 2023, with a projected a budget gap of £30 million for 2023/24. The council blamed the COVID-19 pandemic, which affected its income from business rates and council tax, as well as the rising demand and cost of social care services.
- **Shropshire Council:** insisted that the unitary is not close to issuing a S114 notice. However, the council is facing a £37.6m overspend this year, with demand in some services up to twice as much as its budget estimates. The problem is mostly due to adult social care and children’s services, but also notable in housing (temporary accommodation).

Chelmsford City Council has robust management and has no need to consider a S114 notice. However, the Council does have in common a forecast growing financial and operational risk from temporary accommodation. The actions and priority of the Council will be tackling that difficult problem whilst it’s impact on the Council’s finances is still manageable.

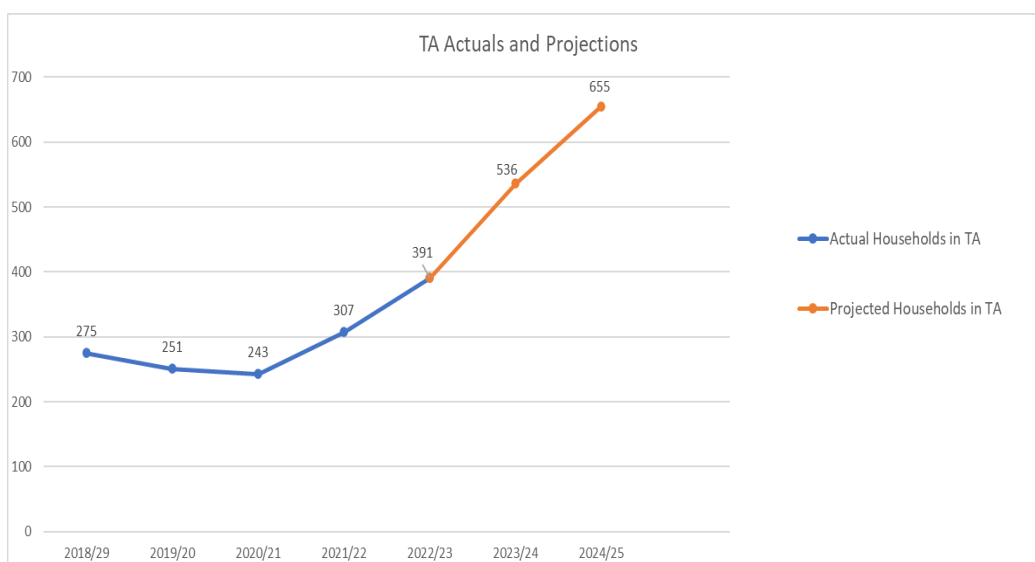
## Housing Temporary Accommodation Appendix 3

The Council continues to be experiencing an increase in demand for Temporary Accommodation (TA). The Council is obliged to assess households who present themselves as homeless and then determine whether there is a statutory duty to house them. It is complex matter but In simple terms, if that duty exists, households will be placed in temporary accommodation by the Council and it can take up to three years, to find suitable accommodation, to enable the Council to fully discharge its legal duty.

The increasing demand for temporary accommodation is due to economic factors such as affordability in the private rented sector, the largest cause of homelessness being private sector ‘no fault’ evictions. There are insufficient properties at low / affordable rents in Chelmsford (or nationally) to meet demand. The supply of affordable housing from social housing new builds or churn of existing social housing properties is insufficient to meet demand. The result is that the Council has a significant and growing number of households in TA.

The Council must manage tenants in TA and the Council cannot recover the full cost via the housing benefit system. So, in 2022/23, on average every household in TA cost the Council around £9,000 per annum. Unfortunately, a shortage of properties and economic conditions mean the Council’s cost per household in TA is rising. Recent sampling of cases has identified average costs of £17,000 per household per year for TA properties. Further work is needed to determine the most robust estimate of cost per case for the 2024/25 budgets. It should be noted that the Council receives funding for TA from the Government based on notional rent calculation (LHA rate) using 2011 rent levels. It would be really helpful to all Councils if the Government used today’s rates to set housing benefit. However, even that would not provide enough money to meet the rent cost of **any** property in Chelmsford. The Council is lobbying for greater and fairer funding.

The rising cost of TA was reported to July Cabinet and Council in the Budget Framework Medium-Term Financial Strategy 2024/25 report. The report noted that the additional costs would be significant. Appendix 1 of this report identifies the latest expected additional cost of £1.3m in 2023/24 (current year) for TA costs. Other changes in the Housing budgets (including additional grant funding from the Government) bring this total expected additional cost in 2023/24 down to £0.8m, although much of this difference is due to one-off additional funding. Caseloads are expected to rise into 2024/25 and later years. The likely continued ongoing growth in TA numbers means that a further £2.8m is thought to be needed to fund TA cost in 2024/25, with further cost increases in the years after.



The projections of the number of households in temporary accommodation is based on estimates of households moving into TA and then allowing for any household moving out of TA through either discharge into the private sector or registered providers of housing (like CHP) or households who find their own solutions. The caseload is then multiplied by the average expected cost of housing households in TA per accommodation type to arrive at an annual cost. There are a significant number of variables to project and



the Council has little control over those variables, so the forecasts will be revised during the budget process and will have a high risk of forecasting error. The forecast for 2023/24 budgets estimated that 427 households would be housed in TA by the end of March 2024, whereas the latest forecast from Housing is a figure of 536, showing the difficulty in forecasting accurately.

Additional households in TA also result in increasing pressures on staff resources to manage these tenants and properties, therefore putting further financial pressure on the Council through increased employee costs.

## Medium Term Revenue Budget Forecast Appendix 4

<b>Budget Gap - Changes from Preceding Year</b>		2024/25	2025/26	2026/27	2027/28	2028/29
		£000s	£000s	£000s	£000s	£000s
<b>1</b>	<b><u>Cost of Inflation</u></b>					
	Pay Inflation @ 4%, then 3%	1,958	1,216	1,251	1,290	1,328
	NDR Inflation @ 2%	57	63	62	61	62
	Building Services Maintenance Inflation @ 5%	82	48	49	49	49
	Insurance Premiums Inflation	59	25	26	27	28
	Other Inflation	67	68	70	72	75
	Members expenses	25	19	20	21	21
	Microsoft licences	47	0	0	0	0
	Increased cost of HVO fuel (price)	102	0	0	0	0
		<b>2,397</b>	<b>1,439</b>	<b>1478</b>	<b>1,520</b>	<b>1,563</b>
<b>2</b>	<b><u>Additional Fees and Charges Yield &amp; Council Tax</u></b>					
	Income Inflation @ 3%	-780	-733	-750	-772	-795
	Planning Charges - increased prescribed by Government	-357				
	Car Parking Additional Income above budget	-400	0			
	Additional Hylands events income	-107	0			
	Council Taxbase and increase 3%. From 2025/26 2%	-629	-476	-476	-476	-476
		<b>-2,273</b>	<b>-1209</b>	<b>-1226</b>	<b>-1248</b>	<b>-1271</b>
<b>3</b>	<b><u>Housing Temporary Accommodation</u></b>					
	Homelessness costs	2,730	1,399	1,513	1,571	1,631
		<b>2,730</b>	<b>1,399</b>	<b>1513</b>	<b>1,571</b>	<b>1,631</b>
<b>4</b>	<b><u>Other</u></b>					
	Leisure review of casual staff requirements	263	0	0		
	City Growth	101	177	196	167	167
	Waste and recycling - cost pressures	180	0	0	0	0
	Parks -cost pressures	116	0	0	0	0
	Housing Benefits Subsidy (non- TA)	120	0	39	15	15
	Car Parking development (temporary Losses)	TBC				
	Theatre Income gains	TBC				
	Office Accommodation Strategy		TBC			
	Growth Provision		300	300	300	300
	T1 Asset software to improve asset use efficiency	130				
	Housing Standards Posts	75				
	Legal Recruitment	75				
	Benefits Recruitment	50				
	Director of Sustainable additional cost full time	33				
	Housing posts (previously approved)	85				
	Housing other posts(assumed)	180				
	Bank Charges	22	22			
	Vacancy factor (central), reflecting longer recruitment times	-180	0			
	Other including oneoff expenditure funded from reserves eg elec	-377	570	-5	-33	-4
		<b>873</b>	<b>1,069</b>	<b>530</b>	<b>449</b>	<b>478</b>
<b>5</b>	<b><u>Ongoing Rents &amp; Events Loss</u></b>					
	High Chelmer Rents & Event Income	535				
	Rental Income gains	-60				
		<b>475</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b><u>Capital Financing</u></b>	<b>1,528</b>	<b>1,208</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>7</b>	<b><u>Business Rate Retention -estimated higher income</u></b>	<b>-1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>8</b>	<b><u>Assumed higher Government funding</u></b>					
	Govt Funding 4% increase. Then nil	-279	0	0	0	0
	Homelessness Prevention grant	-300	-147			
		<b>-579</b>	<b>-147</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Budget Gap</b>	<b>4,151</b>	<b>3,759</b>	<b>2,295</b>	<b>2,292</b>	<b>2,401</b>
	<b>Cumulative</b>	<b>£ 4,151</b>	<b>7,910</b>	<b>10,205</b>	<b>12,497</b>	<b>14,898</b>

The above forecast can be summarised into £m's and simplified into the form below.

<b>Revenue Budget Projection - High Level Summary</b>						
		<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Financial Pressures +(net)/- gains</b>	<b>£ms</b>	<b>£ms</b>	<b>£ms</b>	<b>£ms</b>	<b>£ms</b>
1	Cost Inflation	2.397	1.439	1.478	1.520	1.563
2	Additional Fees and Charges pricing plus yield	-2.273	-1.209	-1.226	-1.248	-1.271
3	Housing Temporary Accommodation	2.730	1.399	1.513	1.571	1.631
4	Other	0.874	1.069	0.530	0.449	0.478
5	Ongoing Rents & Events Loss	0.475	0.000	0.000	0.000	0.000
6	Capital Financing	1.528	1.208	0.000	0.000	0.000
	Net Council position before Government funding	5.731	3.906	2.295	2.292	2.401
7	Business Rate Retention -estimated higher income	-1.000	0.000	0.000	0.000	0.000
8	Government funding	-0.579	-0.147	0.000	0.000	0.000
	<b>Annualised Budget Gap forecast</b>	<b>4.152</b>	<b>3.759</b>	<b>2.295</b>	<b>2.292</b>	<b>2.401</b>
	<b>Cumulative</b>	<b>4.152</b>	<b>7.910</b>	<b>10.205</b>	<b>12.497</b>	<b>14.898</b>

In the table above, the revenue forecast shows a £5.731m shortfall before taking into account changes in Government funding. The net gap of £4.152m is challenging but should be bridgeable by savings, efficiencies, income gains and reductions in capital financing costs.

There is considerable detail behind the forecast and for purposes of clarity it is felt better to provide general comments on the reasons for the variances which has been produced in the main body of the report.

**Usable Reserves Projections**

	2023/24 Budget (plus forecast)					2024/25 (Forecast)				2025/26 (Forecast)				2026/27 (Forecast)			
	£000s	budget	Forecast	Budget Transfers	£000s	£000s	Transfers	£000s	£000s	£000s	Transfers	£000s	£000s	£000s	Transfer	£000s	£000s
<b>Earmarked</b>																	
<b>Corporate Investment Revenue</b>																	
Cultural Support 'Fund'	92	-35			57	57			57	57			57				57
Local Development Framework	1,034	-200			388	1,222			997	997			747			-80	667
Growth fund	19		50	-69	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
DPO Reserve	79				79	79			79	79			79				79
Hylands House Reserve	3				3	3			3	3			3				3
Master Plan Income	65			-65	0	0			0	0			0				0
	1,588	-235	-446	454	1,361	1,361	300	-525	1,136	1,136	300	-550	886	886	300	-380	806
<b>Capital Programme Funding</b>																	
Project Evaluation Resrve	285		-100		185	185	115		300	300			300				300
Sinking Fund for let property	0	50			50	50		50	100	100		50	150	150		50	200
Infrastructure fund	1,258		-611		647	647	353		1,000	1,000			1,000				1,000
New : capitalspend that is infact revenue (potential)					0	0			0	0			0				0
Chelmsford development	2,959		-2,569		390	390		-85	305	305		-70	235	235		-70	165
	4,502	50	-3,280	0	1,272	1,272	468	-35	1,705	1,705	0	-20	1,685	1,685	0	-20	1,665
<b>Risk Management</b>																	
Insurance	910	-50			860	860			860	860			860				860
Pension deficiency	2,245	-534	-149	-655	907	907	183		1,090	1,090			1,090		-534		556
Park and Ride	229				229	229			229	229			229				229
Vehicle Fuel Reserve	0	-304	304	604	604	604	-280	-24	300	300			300				300
Uility Costs Reserves	0	-1,535	1,000	2,303	1,768	1,768	-233	-535	1,000	1,000			1,000				1,000
New: Car parking income Equalisation Reserve					0	0			0	0			0				0
New: rent income Equalisation Reserve	0				0	0	1,091		1,091	1,091		-730	361	361		-361	0
	3,384	-2,423	1,155	2,252	4,368	4,368	761	-559	4,570	4,570	0	-730	3,840	3,840	0	-895	2,945
<b>Total Earmarked Reserves</b>	9,474	-2,608	-2,571	2,706	7,001	7,001	1,529	-1,119	7,411	7,411	300	-1,300	6,411	6,411	300	-1,295	5,416
<b>Unearmarked</b>																	
General Fund & Contingency	19,428	-624	-1,824	-2,706	14,275	14,275	-1,529	-45	12,701	12,701	-300		12,401	12,401	-300		12,101
	19,428	-624	-1,824	-2,706	14,275	14,275	-1,529	-45	12,701	12,701	-300	0	12,401	12,401	-300	0	12,101
<b>Total other reserves</b>	28,902	-3,232	-4,395	0	21,275	21,275	0	-1,164	20,111	20,111	0	-1,300	18,811	18,811	0	-1,295	17,516

### **Commentary on Reserves**

The reserves are split into categories reflecting their purpose. The largest categories are.

- Risk Management to cover specific risks and costs which have been identified during financial planning. It is proposed to keep fuel and utility reserves as further price volatility is a real possibility. Additionally, the budget process is likely to require two new additional reserves to cover temporary lost income during car park re-development and a reserve to cover temporary lost income or rent-free periods when tenancies end on Council commercial property.
- Unearmarked Reserve. This is to cover the unknown or unquantifiable financial risks. The Section 151 officer has previously recommended a minimum target level of £9m. The forecast identifies that target is comfortably met in all years. The reserve declines in value after 2023/24 mostly due to transfers to earmarked reserves and an annual allowance for funding supplementary estimate requests.

### **Reserve Position Beyond 2026/27**

In summary the reserves reduce slightly in later years due to use on funding elections, Local Plan, and assumptions about one-off supplementary estimate expenditure.

### **Full Review of Reserves**

This will be undertaken as part of the budget when financial risks and costs are further clarified.