

Cabinet Agenda

28 January 2020 at 7pm

**Marconi Room, Civic Centre,
Duke Street, Chelmsford**

Membership

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

and Councillors

C K Davidson (Fairer Chelmsford)
J A Deakin (Safer Chelmsford)
M J Mackrory (Greener Chelmsford)

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

There will also be an opportunity to ask your Councillors questions or make a statement. If you would like to find out more, please telephone Brian Mayfield in the Democracy Team on Chelmsford (01245) 606923 email brian.mayfield@chelmsford.gov.uk, call in at the Civic Centre, or write to Democratic Services, Civic Centre, Duke Street, Chelmsford CM1 1JE. Council staff will also be available to offer advice in the Civic Centre for up to half an hour before the meeting.

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THE CABINET

28 January 2020

AGENDA

PART 1

Items to be considered when members of the public are likely to be present

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTEREST**

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

3. **MINUTES AND DECISIONS CALLED-IN**

To consider the minutes of the meeting on 19 November 2019.
No decisions at that meeting were called in.

4. **PUBLIC QUESTIONS**

Any member of the public may ask a question or make a statement at this point in the meeting. Each person has two minutes and a maximum of 15 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.

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. **SAFER CHELMSFORD**

Climate and Ecological Emergency Action Plan

7. **GREENER CHELMSFORD**

7.1 Car Park Fees and Charges 2020 and 2021
7.2 Brownfield Land Register

8. **FAIRER CHELMSFORD**

- 8.1 Treasury Management Strategy 2020/21
- 8.2 Capital and Investment Strategy 2020/21
- 8.3 Budget Report 2020/21
- 8.4 Council Tax Premium on Long Term Empty Properties for 2020/21
- 8.5 Community Sponsorship for Vulnerable Persons' Resettlement Scheme

9. **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.

10. **REPORTS TO COUNCIL**

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

PART II (EXEMPT ITEMS)

NIL

MINUTES OF CHELMSFORD CITY COUNCIL CABINET

on 19 November 2019 at 6.00pm

Present:

Cabinet Members

Councillor S J Robinson, Leader of the Council (Chair)
Councillor M C Goldman, Deputy Leader and Cabinet Member for Connected Chelmsford
Councillor C K Davidson, Cabinet Member for Fairer Chelmsford
Councillor J Deakin, Cabinet Member for Safer Chelmsford
Councillor M J Mackrory, Cabinet Member for Greener Chelmsford

Cabinet Deputies

Councillor M Bracken, Economy and Small Business
Councillor R J Moore, Recycling and Ecology
Councillor C R Tron, Affordable Housing

Councillors

P Clark, A Davidson, I Grundy, R Hyland, J A Potter, R J Poulter, S Rajesh,
I C Roberts, T E Roper, M Sismey, M S Steel, R T Whitehead and S Young

The Cabinet and those present were advised that the pre-election publicity restrictions currently in force as a result of the Parliamentary General Election to be held on 12 December 2019 would need to be observed at this meeting.

1. Apologies for Absence

Apologies for absence were received from Councillors K Bentley and J Galley, Opposition Spokespersons.

2. Declarations of Interests

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 15 October 2019 were confirmed as a correct record and signed by the Chair. No decisions at that meeting had been called in.

4. **Public Questions**

Two residents of Great Baddow who asked questions on the Council's actions on the environment and community representation were told that they raised matters that were caught by the restrictions on pre-election publicity and could not be answered at this meeting without contravening those restrictions. The questioners were invited to put their questions in writing to the appropriate Cabinet Member, who would respond.

5. **Members' Questions**

Councillors not members of the Cabinet asked questions or made statements on the following matters:

Councillor R J Poulter on whether a report could be submitted to the next Cabinet on the implications for the Council of its declaration of a climate change emergency.

The Cabinet Member for Safer Chelmsford said that the standard template for Cabinet reports would be amended to add, as part of the Corporate Implications section, the potential impact of a report's proposals on climate change and the environment and their contribution toward achieving a net zero carbon position by 2030. She would also report regularly on the progress in meeting the actions in the declaration agreed by the Council on 16 July 2019.

Councillor R J Hyland on the budgetary implications of the new Homelessness and Rough Sleeper Strategy and what the gross cost to the Council would be.

The Cabinet Member for Fairer Chelmsford said that he would address this as part of item 6.1 on the agenda.

Councillor R J Hyland, on behalf of Councillor W Daden, on whether the Council would look again at its decision to permit 14 and 15 year olds to use the Riverside gym after 5.30pm on weekdays only if accompanied by an adult, Councillor Daden's argument being that this was contrary to the aims of the Health and Wellbeing Plan and was an unwarranted restriction on the majority of well-behaved youngsters.

The Cabinet Member for Safer Communities said that the petition referred to in the question had not been received by the Council, and the limitation on the hours of use of the gym by that group could not be regarded as a ban. She said that the weekday times during which 14 and 15 year olds could use the gym were longer than those that had operated at the old facility; the arrangement had generally been welcomed by users and the behaviour of young people using the gym had improved; and that the gym's membership had increased since the new hours of use had been introduced. She therefore saw no reason to review the present arrangements.

Councillor I Grundy on whether the Council was pressing the Environment Agency to begin work on the flood alleviation scheme at Margaretting.

The Cabinet Member for Safer Chelmsford replied that the Environment Agency had been encouraged to progress the scheme as quickly as possible.

6.1 **Homelessness and Rough Sleeper Strategy 2019-24 (Fairer Chelmsford)**

Declarations of Interest: None

Summary: (M6.1, CAB12, 2019) Consultation had been carried out with partners on the draft Homelessness and Rough Sleeper Strategy 2019-24 and the final strategy was presented for the Cabinet's comments before its submission to the Council on 22 January 2020. The Cabinet was informed that a number of minor corrections still needed to be made to the document but that the final version would be available for the Council meeting.

Options: Approve the draft Strategy, with or without amendment.

Chosen Option and Reasons: The draft Strategy had been produced in accordance with statutory requirements and had the support of partner organisations as an effective response to tackling homelessness in Chelmsford.

Discussion: The Cabinet was informed that the question at Item 5 on the cost of the Strategy had been prompted by the belief that the Council should be aware of the financial implications to it of any strategy before it was adopted. The Cabinet Member for Fairer Chelmsford acknowledged that point but said that the Council had a statutory duty to prevent, reduce and deal with the results of homelessness and, accordingly, meet its costs whatever they may be. The detailed cost of the Strategy would be assessed by the Working Group that had produced it and would be included in the budget for 2020/21 when it was considered by the Cabinet and Council in January/February 2020.

The Working Group that had produced the Strategy, and the partners who had contributed to it, were thanked for their work.

RECOMMENDED TO THE COUNCIL that, with any minor corrections that may be necessary, the Homelessness and Rough Sleeper Strategy for 2019-24 detailed in Appendix 1 to the report to the meeting be approved.

6.20pm to 6.30pm

6.2 **Treasury Management Mid-Year Review 2019/20 (Fairer Chelmsford)**

Declarations of Interest: None

Summary: The report to the meeting detailed the Treasury Management activities carried out so far in 2019/20, the extent to which they complied with the Strategy governing those activities, and whether any adjustments were needed to it.

Options: Approve or not the proposed changes to the Treasury Management Strategy.

Chosen Option and Reasons: Increasing the maximum permitted level of external debt would provide flexibility for borrowing to meet the cost of new capital schemes.

Discussion: In response to a question, the Cabinet Member for Fairer Chelmsford agreed that the maximum permitted level of external debt should be reviewed annually. He also confirmed that no monies from the Community Infrastructure Fund would be permanently appropriated for other means and would only be used for the short-term funding of capital expenditure.

RECOMMENDED TO THE COUNCIL that it note the Treasury Management activity to date in 2019/20 and approve an increase in the maximum permitted level of external debt from £25m to £45m, that level to be reviewed annually.

6.30pm to 6.37pm

6.3 **Revenue Monitoring 2019/20 (Fairer Chelmsford)**

Declarations of Interest: None

Summary: The latest budget forecast for the Council's services as at November 2019 was presented, together with explanations for any major variations.

Options: Approve or not the proposed changes to service budgets.

Chosen Option and Reasons: The budgets as presented reflected accurately the financial position for each service and its estimated expenditure and income.

RESOLVED that the position on the Council's revenue budgets to November 2019 be noted.

6.37pm to 6.40pm

6.4 **Capital Programme Monitoring and Update (Fairer Chelmsford)**

Declarations of Interest: None

Summary: The report to the meeting set out variations to schemes in the capital programme and to the Asset Replacement Programme.

Options: Approve or not the proposed variations and budgets.

Chosen Option and Reasons: The reasons for the variations as a result of increases in the cost of schemes or changes to their timing were acceptable.

RESOLVED that:

1. the proposed increase of £306,000 in the cost of capital schemes shown in Appendix 1 and paragraph 6.3 of the report to the meeting be approved; and
2. the proposed Asset Replacement Programme for 2019/20, with an increase in scheme costs of £79,000, proposed new schemes of £18,000 and the rephasing of expenditure of £262,000 from 2019/20, as shown in Appendix 3 and paragraph 7.3 of the report, be approved.

6.40pm to 6.44pm

6.5 **Options for Local Council Tax Support Scheme 2020/21 (Fairer Chelmsford)**

Declarations of Interest: None

Summary: The Cabinet considered a report on the ways in which the Local Council Tax Support Scheme could be operated in 2020/21 and the effect the various options would have on expenditure and collection rates.

Options: Adopt the existing Local Council Tax Support Scheme for 2020/21 or make changes to the existing scheme.

Chosen Option and Reasons: The retention of the present year's scheme would be the most equitable and affordable option and would not result in lower collection rates.

RECOMMENDED TO THE COUNCIL that it adopt the current year's Local Council Tax Support Scheme as the scheme for 2020/21.

6.44pm to 6.46pm

7.1 **Community-Led Housing Fund (Greener Chelmsford)**

Declarations of Interest: None

Summary: The Cabinet was presented with options for the use of a government grant of £41,135 to support community-led housing in Chelmsford.

Options:

1. Reopen the grant funding application period based on the same criteria as the previous funding scheme, with an opening and closing date for the application period.
2. Reopen the grant funding application on the same criteria as the previous funding scheme but allow potential applicants to bid on a continuous basis, rather than having a deadline for bids to be submitted, until all the remaining funds are allocated.
3. Retain the funding pending the development of the business case for and establishment of the Eastern Region Community-led Housing Hub being developed by the Rural Community Councils in Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk.
4. Not to approve the release of the funds to facilitate the development of community-led housing.

Chosen Option and Reasons: Option 3 was the best practical use to which to put the funding and would have the most benefit in the long term to support community-led housing.

RESOLVED that:

1. in accordance with Option 3, the release of £41,135 be determined when the business case for the Eastern Region Community-Led Housing Hub has been developed and is approved;

2. the Director of Sustainable Communities, after consultation with the Cabinet Member for Greener Chelmsford, be authorised to approve the release of the funding to support the Eastern Community-Led Housing Hub, once the business case has been assessed and the Hub has been formally established; and
3. if the Director of Sustainable Communities, after consultation with the Cabinet Member for Greener Chelmsford, decides not to approve the release of the monies to support the Eastern Community-Led Housing Hub, or the Eastern Community-Led Housing Hub is not formally established, recommendations regarding the release of the remaining £41,135 be brought back to Cabinet to determine.

6.46pm to 6.52pm

7.2 **Authority Monitoring Report 2018/19 (Greener Chelmsford)**

Declarations of Interest: None

Summary: The latest Authority Monitoring Report, which monitored the implementation of the adopted Local Development Framework and the production of the new Local Plan, was submitted for approval for publication.

Options: The report was factual and the consideration of options was not relevant.

Discussion: Asked whether the Council would be told about any changes the Inspector had made to the Local Plan as a result of the consultation on the Main Modifications, the Cabinet Member said that these would be reported to the meeting of the Council at which it would be considering the adoption of the Plan.

RESOLVED that the Authority Monitoring Report for 1 April 2018 to 31 March 2019 be approved and that the Director of Sustainable Communities be authorised to finalise it for publication.

6.52pm to 6.59pm

8. **Health and Wellbeing Plan 2019 (Safer Chelmsford)**

Declarations of Interest: None

Summary: The Cabinet was requested to consider the Council's Health and Wellbeing Plan for 2019 which had been drawn up in conjunction with Livewell Chelmsford, Essex County Council and the Mid Essex Clinical Commissioning Group.

Options: Approve, not approve or amend the proposed Plan.

Chosen Option and Reasons: The Plan as submitted established the Council's priorities and principles for supporting the development of healthy and active lifestyles and enabled resources to be directed to those areas of greatest need.

Discussion: The Cabinet expressed appreciation for the work of officers and members on the production of the Plan.

RESOLVED that the Health and Wellbeing Plan 2019 be approved.

6.59pm to 7.01pm

9. **Review of Members' Allowances Scheme (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: Comment or not on the report of the Panel.

Chosen Option and Reasons: The Cabinet had no comments on the proposed 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.

7.01pm to 7.03pm

10. **Urgent Business**

There were no items of urgent business.

11. **Reports to Council**

The following items would be referred to the Council:

Item 6.1 – Homelessness and Rough Sleeper Strategy
Item 6.2 – Treasury Management Mid-Year Review
Item 6.5 – Local Council Tax Scheme for 2020/21
Item 9 – Review of Members' Allowances Scheme

The meeting closed at 7.04pm

Chairman



CABINET
28 January 2020

AGENDA ITEM 6

Subject	CLIMATE AND ECOLOGICAL EMERGENCY ACTION PLAN
Report by	CABINET MEMBER FOR SAFER CHELMSFORD

Enquiries contact:	Keith Nicholson Email: keith.nicholson@chelmsford.gov.uk Tel: 01245 606755	Director of Public Places
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Purpose The report sets out an initial action plan to respond to the Climate and Ecological Emergency that was declared by the Council in July 2019.
Options The Council can choose not to put in place an action plan to respond to the Climate and Ecological Emergency, but this would mean that it is unlikely that the targets set in the declaration would be achieved
Recommendation It is recommended that the Climate and Ecological Emergency Action Plan as set out in Appendix 2 to the report be adopted.

Corporate Implications	
Legal:	The declaration of a Climate and Ecological Emergency does not, in itself, bind the Council to any statutory duties to make its activities net-zero carbon by 2030. However, the UK government was the first major economy in the world to create legislation to achieve a net-zero position for all greenhouse gas emissions by 2050. The Council's declaration reflects the national legislation and betters that target.
Financial:	The majority of initial actions are intended to be contained within existing resources or will be externally funded. Some longer-

	<p>term projects that have already been scoped are included for funding through the capital programme.</p> <p>In the medium term it needs to be recognised that implementing some of the possible measures that will be needed to achieve a net-zero carbon position by 2030 could have significant financial implications, as can be seen by those projects already set out in the capital programme such as the mass tree planting / woodland creation programme.</p> <p>When these more ambitious projects are contemplated, the financial implications will need to be considered alongside their potential climate and ecological benefits to determine the key areas for investment. These, in turn, will need to be ranked against possibly competing priorities or financial constraints for the Council at the time</p>
Potential impact on climate change and the environment	The proposed action plan includes items that are specifically geared towards responding to the Climate and Ecological Emergency declared by the Council
Contribution toward achieving a net-zero carbon position by 2030	The proposed action plan includes measures that will contribute to making the Council's activities net-zero carbon by 2030
Personnel:	There are no specific human resource implications other than an expectation that employees will take personal responsibility for their behaviour in response to the declared Climate and Ecological Emergency and adhere to any guidance provided by the Council in respect of their working arrangements
Risk Management:	The potential impact of climate change is now identified as a strategic risk for the Council reflected in the Climate and Ecological Emergency declared by Council. There is also a reputational risk if the Council were to fail to effectively tackle the environmental agenda
Equalities and Diversity:	There are no specific equalities and diversity implications
Health and Safety:	There are no specific health and safety implications
IT:	There are no specific digital service / IT implications
Other:	None
Consultees	The draft action plan has been put together by the Climate and Ecological Emergency Task Group which has been established to effectively co-ordinate the Council's [internal] response to the Climate and Ecological Emergency

Policies and Strategies

The context for the Action Plan that will respond to the Climate and Ecological declaration is set by 'Our Plan' for Chelmsford, which is due to be considered by Council at the meeting on 22 January 2020. 'Our Plan' places emphasis on a broad range of environmental matters, to ensure that the growth and development of Chelmsford and the Council's existing operations and activities are as sustainable as possible. It is anticipated that creating a '*safer and greener place*' will be agreed as a priority for the Council in the following terms:

Making Chelmsford a more attractive place, promoting Chelmsford's green credentials, ensuring communities are safe and creating a distinctive sense of place
... protecting and enhancing wildlife, habitats and landscapes in and around Chelmsford and connecting people with the built and natural environment
... providing attractive, high quality green spaces and public spaces that are clean, safe and easily accessible for all
... managing in a sustainable way to help reduce energy consumption and waste and help preserve natural resources

'Our Plan' includes a specific action to develop a new environmental plan promoting a sustainable approach to growth and development, everyday living and a low carbon future.

1. Background

- 1.1 There is increasing concern about the impact of climate change on the local environment, natural resources and the conditions in which people live and work. Evidence is growing that climate change is exacerbated by human activity.
- 1.2 In common with over 250 other local authorities and in response to this growing weight of evidence, the Council has declared a Climate and Ecological Emergency to focus attention on reducing carbon and greenhouse gas emissions in the area and to plan for a more sustainable future.

2. Climate and Ecological Emergency Declaration

- 2.1 The Council declared a Climate and Ecological Emergency at Council on 16 July 2019. Essentially this Declaration represents a commitment to take appropriate action to make the Council's activities net-zero carbon by 2030. The full text of the Declaration is set out in Appendix 1.
- 2.2 Plans to support this declaration need to be ambitious and far reaching in terms of long-term benefits and impact, whilst being instrumental in instigating changes to avoid 'business as usual' in the interim.
- 2.3 An internal Climate and Ecological Emergency Task Group has been established and charged with effectively co-ordinating the response to the Climate and Ecological Emergency by:
 - Creating a new environmental 'charter' that sets out the long-term vision, the approach to be adopted and the priorities for action to encourage more

sustainable lifestyles and to help create more sustainable environment for the City of Chelmsford and surrounding areas

- Developing a comprehensive, cohesive and prioritised environment action plan that addresses the key elements of the Climate and Ecological Emergency declared by the Council
- Promoting the 'green and sustainable' agenda in Chelmsford and oversee a programme of activities designed to engage, inspire and support local people, communities, businesses and organisations in meeting the carbon reduction challenge for the whole area

2.4 It is anticipated that a wider 'Chelmsford Climate Change Partnership' will be established as the action planning gains impetus creating opportunities for people, organisations and businesses to get involved, to influence, inspire and take responsibility for their own actions. This partnership will also be responsible for developing a strategy to achieve a net-zero carbon position for the wider area and helping to prioritise specific carbon reduction measures. In accordance with the Declaration, this partnership should include young people so that they have a clear voice in shaping the future.

3. Climate and Ecological Emergency Action Plan

3.1 To create momentum and immediate impact, it is proposed that the initial Climate and Ecological Emergency Action Plan focusses on the following areas of work:

- i. Establishing a 'carbon baseline' position
- ii. Updating planning guidance on how on-site renewable energy measures can be integrated into new developments and for all new dwellings to incorporate sustainable design features to reduce CO₂ and NO₂ emissions and the use of natural resources [including putting in place a low carbon infrastructure in strategic growth areas]
- iii. Working with Essex County Council to improve movement around the City, including improvements to the cycling and walking infrastructure, to reduce traffic congestion and journey times and encourage more sustainable travel choices
- iv. Implementing further measures to reduce the amount of waste generated and ensure that as much as possible of any waste that is generated is reused, recycled or composted
- v. Implementing measures to lower energy consumption, ensure the most efficient use of water resources, reduce pollution and improve air quality
- vi. Undertaking a greening programme to significantly increase the amount of woodland and the proportion of tree cover in Chelmsford
- vii. Implementing measures to improve the 'green infrastructure' of Chelmsford, protecting and expanding natural habitats and increasing bio-diversity
- viii. Improving the environmental quality, attractiveness and recreational potential of public spaces, rivers and waterways and associated green corridors in the City Centre and surrounding areas
- ix. Upgrading the Council's vehicle fleet to embrace the latest low emission technology, including ultra-low emission electric powered vehicles as they become operationally and commercially viable

- x. Supporting the Environment Agency to implement the Margarettong flood alleviation scheme and other flood mitigation measures to reduce the risk of flooding to residential and commercial properties in the City
- xi. Establishing a 'green investment fund' to support the Council's environment plan
- xii. Reviewing the Council's investment strategy in light of the Climate and Ecological Emergency Declaration
- xiii. Reviewing the Council's procurement policies and practices in light of the Climate and Ecological Emergency Declaration
- xiv. Creating opportunities for people, local organisations and businesses to get involved, to influence and to inspire innovation and cooperation in response to the key challenges identified in the Climate and Ecological Emergency
- xv. Reviewing the Council's human resources and employment policies and practices in light of the Climate and Ecological Emergency Declaration

3.2 The specific actions to deliver this initial plan are set out in Appendix 2, with a short update on progress to date. These are the headline actions not the more detailed action plans.

4. Financial Implications

- 4.1 Delivering actions to make the Council's activities net-zero carbon by 2030 is a challenging agenda. The actions will be delivered through a combination of changes in policy and working practices, direct targeted investment in the Council's operations, realising opportunities for more sustainable growth and development, encouraging residents to change their behaviour and demanding that third parties take greater responsibility for their own climate change actions.
- 4.2 Whilst the initial focus will be on what changes can be made and what can be achieved using existing resources, or those that require limited additional resources with a reasonable pay-back, as plans develop there will inevitably be a demand for increased investment in carbon reduction measures if a net-zero carbon position is to be achieved by 2030.
- 4.3 Where planning for the latter is sufficiently advanced – for example the proposed 10-year greening programme involving mass tree and woodland planting – this has been scoped and included in the capital programme for approval.
- 4.4 In the medium term it needs to be recognised that implementing some of the possible measures that will be needed to achieve a net-zero carbon position by 2030 could have significant financial implications. When these more ambitious projects are contemplated, the financial implications will need to be considered alongside their potential climate and ecological benefits to determine the key areas for investment. These, in turn, will need to be ranked against possibly competing priorities for the Council at the time.

5. Conclusion

- 5.1 The Council has already declared a Climate and Ecological Emergency setting out a challenging agenda and a target to make the Council's activities net-zero carbon by 2030.
- 5.2 A robust and comprehensive action plan is required to achieve this.
- 5.3 The proposed action plan sets out the areas of work that will be given initial focus and a brief update on progress to date.

List of Appendices

Appendix 1: Chelmsford City Council Climate and Ecological Emergency declared at full Council on 16 July 2019

Appendix 2: Climate and Ecological Emergency Action Plan

Background Papers

None

Appendix 1

Chelmsford City Council Climate and Ecological Emergency declared at full Council on 16 July 2019.

“Council notes:

That the impacts of climate breakdown are already causing critical damage around the world.

That the ‘Special Report on Global Warming of 1.5°C’, published by the Intergovernmental Panel on Climate Change in October 2018

- (a) describes the enormous harm that a 2°C average rise in global temperatures is likely to cause compared with a 1.5°C rise, and*
- (b) confirms that limiting Global Warming to 1.5°C may still be possible with ambitious action from national and sub-national authorities, civil society and the private sector;*

That all governmental bodies (national, regional and local) have a duty to act, and local governments that recognise this should not wait for national governments to change their policies;

That bold policies to cut emissions also have associated health, wellbeing and economic benefits;

That a growing number of UK local authorities have already passed 'Climate Emergency' motions.

Council therefore resolves to:

- **Declare a ‘Climate and Ecological Emergency’ that requires urgent action to make the Council’s activities net-zero carbon by 2030;**
- **Achieve 100% low carbon energy across the Council’s full range of functions by 2030;**
- *Ensure that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to net-zero carbon by 2030;*
- *Support and work with all other relevant agencies towards making the City of Chelmsford and surrounding area net-zero carbon within the same timescale;*
- *Ensure that Officers and political leadership teams within Chelmsford City Council embed this work in all areas and take responsibility for reducing, as rapidly as possible, the carbon emissions resulting from the Council’s own activities;*
- *Ensure that any recommendations are fully costed and that the Executive and Overview & Scrutiny bodies regularly review Council activities, taking account of production and consumption emissions, and produce an action plan within 12 months together with budget actions and a measured baseline;*
- *Request that the Council's Overview & Scrutiny Committee considers the impact of Climate Change and the Environment when reviewing Council policies and strategies;*
- *Work with, influence and inspire partnerships across the city to help deliver this goal through all relevant strategies, plans and shared resources by developing a series of*

meetings, educational events for City Council staff and the wider community and partner workshops focusing on the Climate and Ecological Emergency;

- Request that the Council and its partners take steps to proactively include young people in the process, ensuring that they also have a voice in shaping the future;
- Establish a Chelmsford Climate Change Partnership within the remit of the Chelmsford Policy Board, involving councillors, residents, young people below voting age, academics and other relevant parties, to prioritise carbon reduction measures, identify related benefits to employment, health, agricultural and transport sectors and develop a strategy in line with the 'net-zero carbon by 2030' target;
- Establish a baseline for Chelmsford's ecological status and monitor progress year on year;
- Report on the level of Council investment in the fossil-fuel industry and review the City Council's investment strategy to give due consideration to Climate Change impacts in their investment portfolio;
- Ensure that all reports in preparation for the 2020/21 budget cycle and investment strategy note the actions the City Council will take to address this Emergency;
- Call on the UK Government to provide such new powers and resources as are necessary to make this possible, and to work within the LGA to encourage other councils to back this plan."

Appendix 2

Climate and Ecological Emergency Action Plan

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
1)	Establishing a ‘carbon baseline’ position	Coordinator: Richard Bishop
	<i>Target to achieve</i>	<i>Progress</i>
a.	Establish an agreed definition of ‘net-zero carbon’	<p>Net-zero carbon is commonly described as ‘achieving a state in which the activities within an organisation or place result in no net impact on the climate from greenhouse gas emissions’</p> <p>It is proposed to adopt the Carbon Trust definition of a net-zero company / organisation as one ‘that will set and pursue an ambitious 1.5 °C aligned science-bases target for its full value-chain emissions. Any remaining hard-to decarbonise emissions can be compensated using certified greenhouse gas removal’</p>
b.	Undertake an assessment of the carbon emissions arising from the Council’s activities, [i.e. an ‘organisational’ assessment] including energy use, emissions from buildings, operations and vehicles [measured in tonnes of carbon dioxide equivalent (tCO ₂ e)]	<p>The Carbon Trust has provided advice on the best approach for assessing the Council’s a carbon baseline and a common system has been adopted based on this advice.</p> <p>A draft carbon baseline assessment has been undertaken which requires some further refinement before being adopted</p>
c.	Consider a ‘supply chain’ assessment of carbon emissions i.e. from the raw materials and services that are purchased by Council in order to deliver its services	Approach and timing to be determined

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
2)	Updating planning guidance on how on-site renewable energy measures can be integrated into new developments and for all new dwellings to incorporate sustainable design features to reduce CO ₂ and NO ₂ emissions and the use of natural resources [including putting in place a low carbon infrastructure in strategic growth areas]	Coordinator: Claire Stuckey
	<i>Target to achieve</i>	<i>Progress</i>
a.	Update the existing ‘Making Places’ Supplementary Planning Document to provide further guidance on how on-site renewable energy measures can be integrated into new developments and for all new dwellings to incorporate sustainable design features to reduce CO ₂ and NO ₂ emissions and minimise the use of natural resources	Draft SPD in preparation. Member Workshop proposed for January 2020. Approval to consult on draft to be sought from Chelmsford Policy Board in March 2020 and Cabinet in April 2020. Consultation scheduled for six weeks in April – May 2020. Adoption by Council expected in Summer 2020
b.	Explore options to incentivise developers to achieve as close to zero-carbon homes as possible and / or to implement a carbon offset tariff for new developments	It may be possible to use the ‘neighbourhood Community Infrastructure Levy (CIL)’ contributions within the nine unparished urban wards to support the delivery of zero-carbon homes in the City Centre or to use some of this funding to mitigate the impact of new homes. This would need to be in accordance with the Community Infrastructure Levy Regulations. This could potentially include the funding of schemes to reduce the carbon footprint of new builds or conversions, subsidising low carbon affordable housing, or carbon offsetting measures, such as new tree planting. Work to consider and explore the potential options to commence in 2020 Review of the Community Infrastructure Levy (CIL) Charging Schedule

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
		alongside a review of the Chelmsford Local Plan 2013-2036. Review is programmed to commence in 2023
c.	Revise adopted planning policies to require all new dwellings to be built to zero-carbon standard	Chelmsford Local Plan 2013-2036 is programmed for adoption in early 2020. Review of Chelmsford Local Plan to commence in early 2023. Evidence base to inform the review to consider requiring all new dwellings to be built to zero-carbon standard
d.	Update the existing Planning Obligations Supplementary Planning Document to seek planning obligations when considering planning applications towards the Council's mass tree planting programme	Draft SPD in preparation. Member Workshop proposed for January 2020. Approval to consult on draft to be sought from Chelmsford Policy Board in March 2020 and Cabinet in April 2020. Consultation scheduled for six weeks in April – May 2020. Adoption by Council expected in Summer 2020
3)	<i>Working with Essex County Council to improve movement around the City, including improvements to the cycling and walking infrastructure, to reduce traffic congestion and journey times and encourage more sustainable travel choices</i>	Coordinator: Hannah Dungate
	<i>Target to achieve</i>	<i>Progress</i>
a.	Support Essex County Council in delivering improvements to the cycling and walking infrastructure as part of the Chelmsford City Growth Package	Chelmsford Policy Board has established a Working Group with the remit to examine proposals that will 'improve movement around the City', in particular to 'make proposals to improve the provision for cycling and walking' Essex County Council has now implemented improvements to cycling and walking infrastructure along Victoria Road South and Bell Mead.

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
		<p>The next stage of works will include new hybrid cycling tracks along Broomfield Road and New Street. Longer term works include a contra-flow cycle route along Market Road, joining the proposed cycle route through the pedestrian-prioritised space at Tindal Square</p> <p>Short-term walking priorities have also been identified as part of the draft Local Cycling and Walking Infrastructure Plan in conjunction with ECC</p>
b.	Develop a cohesive car park strategy, including the integration of park and ride options, that matches provision to future demand and includes measures that will encourage people to use more sustainable transport options to help reduce overall vehicle emissions	<p>Chelmsford Policy Board has established a Working Group with the remit to examine proposals that will ‘improve movement around the City’, in particular:</p> <ul style="list-style-type: none"> ▪ To develop a new car parking strategy ▪ To examine the business case for a further park and ride site
4)	Implementing further measures to reduce the amount of waste generated and ensure that as much as possible of any waste that is generated is reused, recycled or composted	Coordinator: Peter Masson
	<i>Target to achieve</i>	<i>Progress</i>
a.	Put in place a policy to eliminate, as far as possible, single-use plastics in Council premises and encourage others and the wider community to do the same	Policy on single-use plastics adopted by the City Council in July 2019 Pan-Essex plastic reduction campaign launched in December 2019
b.	Full range of waste mitigation and recycling	Civic Centre has full recycling provision

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	<p>facilities available at all City Council buildings to minimise the amount of non-recyclable waste generated and maximise the capture rate of materials that can be recycled</p>	<p>Riverside Leisure Centre– has full recycling provision apart from glass Dovedale Sports Centre – needs evaluated, scheme to be implemented shortly South Woodham Ferrers Leisure Centre – partial recycling provision [no glass or food waste at present] Chelmsford Sports and Athletics Centre – partial recycling provision [no glass or food waste at present] Hylands – full recycling provision apart from food waste [dealt with by caterers] Chelmsford Museum [Oaklands] – provision for paper and card only at present Chelmsford indoor market – full recycling provision High Street Market – no recycling provision at present, scheme currently being developed Sandford Mill – no recycling provision at present Waterhouse Lane Depot – scheme currently being developed Crematorium – paper and card only</p>
c.	<p>Comprehensive waste minimisation and recycling provision at all events taking place on City Council land and premises</p>	<p>Updated Waste and Recycling Collection Policy for Outdoor Events adopted on 6 November 2019 Terms and conditions of hire for Council land and premises reviewed to ensure compliance</p>
d.	<p>More provision for ‘recycling on the go’</p>	<p>Currently 17 ‘quad’ recycling-on-the-go bins are installed across the City area in the key high footfall areas. 11 are within the city centre zone and 6 are in other shopping parades and SWF town centre. Five additional locations for provision have been identified – 4 in the City Centre and one village site (subject to development in the respective areas or land owner permission being granted) Additional requests for recycling on the go provision is by request and the suitability of the location assessed against the collection policy</p>

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
		criteria
e.	Provide support and assistance to small businesses and enterprises to adopt their own local waste minimisation plans	Full range of recycling and composting collection services now available / offered to commercial customers Support and assistance, including an 'easy guide' provided when customers sign up for commercial waste and recycling collection contracts – needs more promotion
f.	Review the 'green credentials' of the Indoor Retail and High Street Markets	Separate glass, cans, plastic, cardboard food waste and battery recycling in place Lighting replaced with LED units in 2019 Proposed actions to be completed in 2020: <ul style="list-style-type: none"> – Investigate compostable cup recovery – Additional food waste recycling for new food vendors – Installation of a water bottle refill point – Investigate bulk buying paper shopping bags for re-sale to traders
5)	Implementing measures to lower energy consumption, ensure the most efficient use of water resources, reduce pollution and improve air quality	Joint Coordinator: Richard Bishop Joint Coordinator: Paul Brookes
	<i>Target to achieve</i>	<i>Progress</i>
a.	100% of electricity used by the City Council to be from renewable sources	In July 2019 the Council's electricity supply was switched to a 'green tariff' guaranteeing that the supply was generated from renewable sources. Together with generation from on-site photovoltaic installations and the combined heat and power facility this ensures that

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
		100% of the electricity consumed by the Council is from renewable sources
b.	Improve home energy efficiency, affordability and encourage the use of renewable energy sources for home energy switches	In recent years the Council has promoted successful energy switches in collaboration with Essex CC. In 2019 the electricity switch was to a supply which was certified from 100% renewable sources. Chelmsford energy switch promotions will continue
c.	Examine the business and environmental case for potential future investment opportunities in green technology and renewable energy initiatives, including solar farms	TBC – further opportunities to be examined, although the optimum sites have already had been fitted with renewable energy generation installations
d.	Refresh the air quality strategy and action plan for Chelmsford to further reduce damaging vehicle and CO2 emissions and reduce air pollution generally	The approach to the management of air quality in Chelmsford was agreed in October 2018, accompanied by a refreshed air quality strategy and action plan Arrangements in place to ensure that the Council fully meets its statutory duty to monitor air quality in the area and take action where air quality exceeds the air quality objectives set by Government Policies included in the Local Plan to encourage air quality mitigation measures in new development and ensure suitable low carbon infrastructure is provided in growth areas
e.	Update and refresh the Chelmsford City Council's Travel Plan setting out the actions and initiatives to encourage employees to use sustainable transport options to get to, from and between workplaces	Travel Plan updated in 2019 including improvements to cycle parking, provision of bicycles for travelling to meetings and site visits, provision of bicycle maintenance workshops and improved showering and changing facilities for anyone who cycles or jogs to work Car sharing scheme expanded and continuing programme of events, such as 'pedometer challenge' to encourage staff to walk to work In October 2019 Chelmsford City Council was awarded the Modeshift

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
		National Sustainable Travel gold-level accreditation [only the second local authority to do so] for putting in place a range of measures and initiatives to encourage staff to use sustainable travel options
f.	Work with public service transport providers and regulated transport providers [such as taxis] to ensure that wherever possible vehicles used in Chelmsford are low emission and / or compliant with at least Euro 6 emission standards	<p>Hackney carriage and private hire licensing conditions due to be updated at the Regulatory Committee on 13 February 2020 to ensure that all vehicles operating under a Chelmsford licence plate are compliant with at least the Euro 6 emission standard by 2024 in order to reduce harmful emissions from these vehicles</p> <p>Bus operators to be approached to provide updates on their commitments to upgrade their vehicle fleets to meet the latest emission standards</p>
6)	<i>Undertaking a greening programme to significantly increase the amount of woodland and the proportion of tree cover in Chelmsford</i>	Coordinator: Paul Van Damme
	<i>Target to achieve</i>	<i>Progress</i>
a.	Put in place a sustained medium-term mass tree planting and woodland creation programme resulting in the planting of at least 148,000 additional trees / create 71 hectares of woodland to achieve tree cover of at least 20% in the Chelmsford area by 2030	<p>First phase of mass tree planting, involving 27,500 trees, creating 5.35 hectares of woodland commenced and programmed to complete in late 2020</p> <p>Future 10-year programme scoped, but at present unfunded. Will require additional land not currently in City Council ownership</p>
b.	Encourage local people and communities to take greater responsibility for greening their area / environment, including planting trees in their	Initial 'Call for Trees' campaign due to be launched January 2020 – invites members of the public to identify opportunities and specific places that would benefit from tree, copse or hedgerow planting.

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	gardens	Subject to the practicality and landowner permission, the City Council, or possibly other providers, will try to meet this request
c.	Adopt the ‘Woodland Carbon Code’ to validate the carbon sequestration value for mass tree planting and woodland creation projects [possible link to uses as carbon offsetting measure for new development]	TBC – merits and potential use of this scheme to be investigated
d.	Explore opportunities to participate in the Eastern Claylands project promoted by the Woodland Trust designed to help create a more resilient landscape that can absorb and recover from natural and human pressures and adapt to future change, whilst retaining a diverse array of wildlife and a range of benefits for people	To be investigated during 2020, possible opportunities to <ul style="list-style-type: none"> – Give further protection to and enhance our existing woodlands and trees – Support woodland owners to manage their woods more appropriately for multiple benefits – Increase diversity of species and age of trees within woods – Create new woodland sites – Connect habitats by planting and restoring hedgerows, planting trees in hedges and improving the management of ancient and veteran trees – Connect people to trees and woods to help unlock and appreciate economic values and social benefits
7)	Implementing measures to improve the ‘green infrastructure’ of Chelmsford, protecting and expanding natural habitats and increasing bio-diversity	Joint Coordinator: Claire Stuckey Joint Coordinator: Paul Van Damme
	<i>Target to achieve</i>	<i>Progress</i>
a.	Establish a continuous, fully connected green	Policy framework within the Chelmsford Local Plan 2012-2036. Specific

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	wedge through the Chelmer River Valley [north]	enhancements will be identified in emerging North East Chelmsford site masterplans and planning applications for the development which is expected to commence in 2022
b.	Establish a new Chelmer River Valley green wedge to the east of the city centre	Policy framework within the Chelmsford Local Plan 2012-2036. Specific enhancements will be identified in emerging site masterplans and planning applications for East Chelmsford which are expected to commence in 2021
c.	Create a new natural open space and country park as part of the North East Chelmsford growth area	Policy framework within the Chelmsford Local Plan 2012-2036. Specific requirement will be identified in emerging site masterplans and planning applications for the development. Country Park is expected to be provided towards the latter stages of the development
d.	<p>Refresh the Bio-Diversity Action Plan for Chelmsford to improve the habitat value of green spaces and promote greater bio-diversity across the area, adopting the ‘Making Space for Nature’ [Department for Environment, Food and Rural Affairs 2010] principles to:</p> <ul style="list-style-type: none"> – Improve the quality of sites by better habitat management – Increase the size of current wildlife sites – Enhance the connections between and join up sites either through physical corridors or through habitat ‘stepping stones’ – Create new sites – Reduce the pressures on wildlife by improving the wider environment through the buffering of existing wildlife rich sites 	Bio-Diversity Action Plan to be re-written in 2020

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
e.	Work with Essex Wildlife Trust, statutory bodies, landowners and community organisations to formulate and implement 'Living Landscape' plans across the Chelmsford area to create bigger, better connected and sensitively managed habitats and natural spaces where wildlife can thrive	Engagement with key stakeholders including Essex Wildlife Trust is scheduled for early 2020.
f.	Create a new country park at Sandon as part of the East Chelmsford growth area	Policy framework within the Chelmsford local Plan 2012-2036. Specific requirements will be identified in emerging site masterplans and planning applications for the developments. County Park is expected to be provided by mid-2020s
8)	<i>Improving the environmental quality, attractiveness and recreational potential of public spaces, rivers and waterways and associated green corridors in the City Centre and surrounding areas</i>	Coordinator: Paul Van Damme
	<i>Target to achieve</i>	<i>Progress</i>
a.	Establish Chelmsford Policy Board Working Group Improve the environmental quality, attractiveness and recreational use of the rivers and waterways	Rivers and Waterways Working Group established by the Chelmsford Policy Board to look at options to widen the use of the City's rivers and adjacent green spaces, improve their environment and biodiversity and revitalise the presentation of the river frontage. The Working Group intend to involve the wider 'river and waterways community' to help implement an agreed action plan
b.	Examine options to improve navigation on the rivers and waterways and review current and future flood prevention measures [including devices to retain water in the City Centre all year	Feasibility study commissioned for possible combined structure for water retention and 'lock' to improve navigation on the River Chelmer

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	round]	
c.	Consider opportunities to extend and improve green spaces adjoining the rivers and waterways, including options for greening of the canalised sections of the river to improve its appearance and attractiveness	TBC – potential work programme to be proposed by the Waterways Working Group
d.	Promote projects and activities that enhance the habitat, ecological and biodiversity value of the river corridors	TBC – potential work programme to be proposed by the Waterways Working Group
e.	Consider opportunities that could be taken to extend and improve the network of riverside footpaths and cycleways	TBC – potential work programme to be proposed by the Waterways Working Group
9)	Upgrading the Council’s vehicle fleet to embrace the latest low emission technology, including ultra-low emission electric powered vehicles, as they become operationally and commercially viable	Coordinator: Peter Masson
	<i>Target to achieve</i>	<i>Progress</i>
a.	Replace all Council fleet vehicles that do not currently meet the Euro 6 standard	Replacement programme in place [fully funded] to ensure that all vehicles in the Council fleet will meet at least the low-emission standard [designated as Euro 6 or equivalent] by 2024
b.	Evaluate ultra-low emission alternatives [electric or hydrogen powered] for selected vehicles where	Two electric-powered [ultra-low emission] utility vehicles now in service in city centre parks [since October 2019]

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	operationally and commercially viable	Two further electric-powered [ultra-low emission] utility vehicles due for delivery to Parks in January 2020. Two tipper mini-vans used by grounds maintenance team to be replaced with electric-powered alternative in 2020/21 [vehicles currently on demonstration / being evaluated]
c.	Acquire a selection of low emission or ultra-low emission 'pool' vehicles to provide more sustainable options for business travel	Capital programme bid submitted [£17,000 per annum for 3 years] to acquire up to 5 pool vehicles
d.	Consider adapting the current lease car scheme so that it offers preferential terms and incentives for those employees who choose an ultra-low emission vehicle	TBC – to be investigated, no specific proposal to date
e.	Provide additional bicycles [including power assisted] for travelling to meetings and site visits, improve cycle storage and welfare facilities to facilitate the use of cycling as a more sustainable travel option	Two additional pool bicycles in service within Sustainable Communities [planning] Continued promotion of the Cycle2Work scheme Additional covered cycle parking provided
10)	Supporting the Environment Agency to implement the Margaretting flood alleviation scheme and other flood mitigation measures to reduce the risk of flooding to residential and commercial properties in the City	Coordinator: Hannah Dungate
	<i>Target to achieve</i>	<i>Progress</i>
a.	Final phase of the wider, Environment Agency led	Update – The flood alleviation scheme at Margaretting is an

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	Chelmsford flood alleviation scheme constructed protecting an additional 548 residential and 235 commercial properties from the risk of flooding	<p>Environment Agency led scheme to which the City Council originally agreed, in 2010, to make a substantial contribution toward the construction cost from the Growth Fund grant received from Government.</p> <p>The scheme has been subject to prolonged delays as a result of a landowner taking legal proceedings to try to prevent construction of the flood barrier. The EA are currently producing a revised business case for the scheme that reflects the changes since it was originally agreed, which is needed for the EA's internal approval processes</p>
11)	Establishing a 'green investment fund' to support the Council's environment plan	Coordinator: Alison Chessell
	<i>Target to achieve</i>	<i>Progress</i>
a.	Create a new 'zero carbon communities' grant scheme where local communities can bid for funding for initiatives that will help them lower carbon emissions in their area	New Community Funding Scheme launched in October 2019. 'Our Plan' themes [fairer and inclusive, greener and safer place, healthy, active and enjoyable lives and connected Chelmsford] used as the main criteria for assessing applications for funding support so actions that will help address the climate and ecological emergency are eligible. Consideration to be given to perhaps ring-fencing some of the funding available to support zero-carbon community initiatives in future years
12)	Reviewing the Council's investment strategy in light of the Climate and Ecological Emergency Declaration	<p>Joint Coordinator: Joe Reidy</p> <p>Joint Coordinator: Phil Reeves</p>

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	<i>Target to achieve</i>	<i>Progress</i>
a.	When investing any fund managers will be required to consider Environmental, Social and Governance factors in their investment process. All fund managers would be expected to have signed up to the UN Principles for Responsible Investment that proposes 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	Fund managers have been identified and agreed by the Treasury Management Sub-Committee who comply with the target. Further requirements, in addition to those identified, are not considered to be practical given the limited ability to directly influence any immediate change in the financial markets
b.	The Councils direct property investment strategy will take account of the Minimum Energy Efficiency Standards legislation as a minimum requirement	The Councils property investment portfolio meets this minimum standard.
13)	Reviewing the Council's procurement policies and practices in light of the Climate and Ecological Emergency Declaration	Coordinator: Alison Chessell
	<i>Target to achieve</i>	<i>Progress</i>
a.	Adopt a policy for the Council to use Fair Trade or Rain Forest Alliance certified products	Policy put in place in June 2019 that all products used for refreshments at the Civic Centre site should be Fair Trade or Rain Forest Alliance certified Consideration to be given to extending this to all Council premises and for third party providers to be incentivised to use certified products as opportunities to renegotiate contracts arise.
b.	Strengthen and simplify requirements for social	Updated Procurement Policy to be agreed in February 2020. Policy will

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
	value and environmental impacts within all the Council's procurement and commissioning activities to incentivise supply chain to support Council's objectives.	<p>strengthen incentivisation for suppliers to deliver social value and environmental impacts as an integral part of any agreement with the Council.</p> <p>New Procurement Manual and Contract Rules to be issued in April 2020 following approval</p> <p>Training to be delivered to all staff that are responsible for procurement activity on new policy implications</p> <p>Guidance to be prepared and issued to suppliers detailing social value and environmental impact considerations for all relevant procurement opportunities</p>
c.	Raise awareness of social value and environmental impacts within public procurement within the local business community	Investigate holding an awareness event for local suppliers within Chelmsford with key partners. Initial discussion undertaken in November 2109. Decision on possible event to be made by April 2020
d.	Work with partners to influence social value and environmental impacts within the wider public sector procurement community.	<p>Hosted Chartered Institute of Procurement and Supply Essex Branch Social Value Event at Civic Centre in November 2019</p> <p>Sharing information and working with Essex County Council regarding their current Social Value TOMS Pilot. Review findings of pilot when completed in Nov 2020.</p> <p>Member of the Contract for Change Steering Group. This group will bring together volunteers to collaborate and embed the principles of social value into procurement and commissioning best practice. First Meeting Jan 2020</p>

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
14)	Creating opportunities for people, local organisations and businesses to get involved, to influence and to inspire innovation and cooperation in response to the key challenges identified in the declared Climate and Ecological Emergency	Coordinator: Rebecca Moss
	<i>Target to achieve</i>	<i>Progress</i>
a.	Create a 'Chelmsford Climate Change Partnership' or similar affiliation of interests to engage with partners, other agencies and the wider community to agree an approach and develop plans to meet the target for Chelmsford to be net zero-carbon by 2030	A plan has been put together to create a partnership group; possible participants, agencies and communities to be identified by end January 2020, invitations for the group to be sent out in February 2020, with a possible launch event to be held by the end of March 2020
b.	Adapt the 'Love Your Chelmsford' programme as the primary vehicle for engaging and fostering community activity aligned to the Climate and Ecological Emergency Declaration	A briefing document on widening the scope of the 'Love Your Chelmsford' programme has been put together and shared internally. This will be implemented with immediate effect once the initial action plan has been agreed
c.	Develop a website and social media presence as a point of reference and interface for people and organisations wishing to 'connect' with the Climate and Ecological Emergency, the wider 'green agenda' and as a means to promote participation in the 'Love Your Chelmsford' programme	Initial website mapping completed in December 2019. Website developer commissioned with a proposed deadline for the launch of the website in March 2020

Workstream	<i>Climate and Ecological Emergency Action Plan</i>	
15)	Reviewing the HR Policies and practices in light of the Climate and Ecological Emergency Declaration	Coordinator: Debbie Wootton
	<i>Target to achieve</i>	<i>Progress</i>
a.	Review people management policies and working practices to ensure that reflect the Climate and Ecological Emergency Declaration Develop an ongoing communication and training programme for employees to highlight their social and environmental responsibilities	TBC
b.	Consider ways to encourage a community-based volunteering scheme for City Council employees	Currently reviewing volunteer schemes
c.	Green skills appear key to a sustainable future and the transition towards a 'green' economy will start to shape the labour market. Need to consider any possible job creation and upskilling opportunities for the current workforce	TBC
d.	Promote flexible working to enable employees to work at home to avoid transport congestion and pollution.	Implementation of Microsoft Office 365 and integrated communications provides the opportunities for more flexible working. Flexible working policies and guidelines updated in January 2020

CABINET 28 January 2020 AGENDA ITEM 7.1	
Subject	CHELMSFORD CAR PARKING FEES AND CHARGES 2020 AND CASHLESS PROPOSALS
Report by	CABINET MEMBER FOR GREENER CHELMSFORD
Enquiries contact: Michael Adewole, Parking and Highways Operations Manager, michael.adewole@chelmsford.gov.uk	
Purpose This report presents the proposed car park fees and charges (off-street) for 2020/21.	
Options Cabinet can approve, reject or amend the recommendations listed below.	
Recommendations <ol style="list-style-type: none"> 1. To approve the proposed car park tariffs as detailed in Appendix A for implementation in April 2020. 2. To approve the proposal that all Pay and Display car parks be cashless from April 2020 and inform customers via a concentrated publicity campaign. 	
Corporate Implications	
Legal:	If the revised tariffs are approved, the Council will issue a Notice of Variation of the existing fees and charges in accordance with section 35C of the Road Traffic Regulation Act 1984 and with regulation 25 of the Local Authorities Traffic Order (Procedure) (England and Wales) Regulations 1996.
Financial:	Services have been asked to review their current fees and charges to determine whether they are appropriate. This report identifies the recommendations from the review of car parking charges. It is not always the case that an increase in charges will lead to an increase in income received.
Potential impact on climate change and the environment:	There is the potential to help encourage use of Park and Ride facilities and reduce traffic congestion and improve air quality and road safety on the road network in the city, especially during peak

	periods. This will link into the Council's Climate Change Action Plan.
Contribution toward achieving a net zero carbon position by 2030:	Positive
Personnel:	None.
Risk Management:	The recommended strategy is based on managing risk at a time when there will be many changes to the City's car parking offer. By providing some stability on fees and charges, we aim to maintain our customer base.
Equalities and Diversity: (For new or revised policies or procedures has an equalities impact assessment been carried out? Y/N)	There are no equalities issues arising from this report.
Health and Safety:	None
IT:	None.
Other:	None.
Consultees	Legal & Democratic Services Manager Director of Financial Services
Policies and Strategies	
This report takes into account the following policies and strategies of the Council:	
<ul style="list-style-type: none"> • Corporate Plan • Strategic Overview for Car Parks 	

1. Introduction

- 1.1 Chelmsford City Council are committed to creating a more sustainable future for our city. It seeks to balance commercial attractiveness of the City with environmentally sustainable travel patterns to encourage high quality alternatives to access the city centre including by public transport, park and ride, cycling and walking.
- 1.2 With the climate emergency having been declared, it is of the utmost importance that the Council takes action to promote greener policies and reflects the Council's commitment. A future Chelmsford Sustainable Transport and Parking Strategy is therefore being prepared to look at a city-wide package of long-term sustainable measures
- 1.3 Chelmsford remains a buoyant city and the demand for parking has remained high. Safe and secure car parking provision at a competitive cost is important for the vitality and continued growth of the City centre.
- 1.4 Officers are required to review the car park fees and charges in accordance with Strategic Overview for Car Parking Services' agreed by the City Council's Cabinet in September 2012.
- 1.5 In 2018, a two-year pricing strategy was implemented in the car parks, securing the fees and charges up to March 2020.

2. Investment

2.1 **Electric Vehicle Charging Points (EVCP)**

The Council recognises that there is an increasing demand for electric vehicles across the city and a need to provide vital charging infrastructure to help improve local air quality. This is why in the last six months the Council has installed electric vehicle charging points in Baddow Road and Fairfield Road car parks with plans to install more charging points at Meadow Surface and Moulsham street car parks. This is a much needed facility in an ever-growing city and shows the Council's commitment to shifting towards encouraging cleaner and greener transport options. There is currently a total of 12 EVCP in the City Centre car parks and Park and Ride sites, plus a number of other charging points at supermarkets and petrol stations.

2.2 **Infrastructure Improvement**

In order to ensure the Council retains a strong car park portfolio and continues to provide parking capacity sufficient to meet the needs of a vibrant, mixed city centre economy, significant investments are being made to enhance and improve the "life" of the car parks whilst also improving the customer experience.

- 2.3 As part of this investment strategy £108,000 has been made available for protective fencing works on the roof of High Chelmer car park, to specifically tackle the issue of suicide attempts from High Chelmer multi-storey car park.

- 2.4 Future work will include £36,000 dedicated to new drainage and £88,000 for refurbishing the movement joints in High Chelmer multi-storey car park. All of this will continue to enhance and improve the “life” of the car park, whilst also improving the customer experience.
- 2.5 In terms of running our car park portfolio, operating costs continue to rise including rates, utility costs, ongoing maintenance and wages. There is also continued pressure to invest in our car parks and new technologies.
- 2.6 An additional £100,000 has been invested into refurbishment works on the surface car parks, including £51,000 for waterproofing and resurfacing works at Waterhouse Lane car park.
- 2.7 As a result of on-going investments, all of the Council's City Centre car parks are now accredited with 'Park Mark' quality standard. The Safer Parking Scheme is a national standard for UK car parks that have low crime and measures in place to ensure the safety of people and vehicles. In addition to this, fourteen of the City Centre car parks are also accredited with the Disabled Parking Award.

3. Strategic operational proposal

- 3.1 The provision of public car parks contributes to the achievement of our strategic objective “Promoting Growth” by giving access to shops, businesses and services within the City and providing car parking that is value for money and meets the needs of the users.
- 3.2 Parking availability for any type of vehicle remains an important factor in determining how people travel. It also influences the vitality and viability of town centres. However, the capacity of our roads and the provision of car parking spaces to meet this demand are proving difficult.
- 3.3 We now have a City Centre with high quality retail and restaurant offer and excellent transport links into London. Subsequently, there is a high demand for people driving into the City. Cars should not be the only means of transport and there is a balance to be struck between providing and restricting car parking, taking into account environmental impact, economic growth, accessibility, health improvement and social inclusion.
- 3.4 While the introduction of the two Park & Ride sites at Sandon and Chelmer Valley have reduced greatly the number of car journeys into the City, there are still many people who want to travel in by private car and they need somewhere to park.
- 3.5 The main challenge for our car parking services is to ensure the integration of parking into a growing Chelmsford and ensuring parking provision encourages sustainable travel, especially for journeys into the City Centre and for public transport nodes for onward journeys. The challenge for the City Council is to ensure that it has a car parks operation that is dynamic and responsive yet innovative, enabling the Council to meet the needs of leisure and retail visitors and support the local economy.
- 3.6 The ever-changing nature of the Council's car parks means that demand may vary in the future. It is therefore important that the Service continues to review, monitor and make changes as appropriate to reflect the changes in demand.

- 3.7 The running costs of our car parks continue to rise, including utility costs and ongoing maintenance and there is continued pressure to invest in our car parks and new technologies to demonstrate that we are a forward-thinking local authority and City.
- 3.8 For the aforementioned reasons, careful consideration has been given to the increase of car parking fees and charges. Officers have taken the following factors into consideration:
- Current strategies and policies, such as avoiding direct competition with public transport costs and transportation schemes such as Park & Ride
 - Price increases being brought in by other parking operators
 - The impact of price increases at the Park & Ride
 - Ensuring that there is adequate and affordable parking for shoppers, visitors, leisure users and all short-stay parkers in the City Centre
 - Encouraging long-stay parkers to park in the Park & Ride
 - The utilisation of the current car parks and parking spaces
 - The impact of City Centre parking on the local highway network
 - Parking charges in neighbouring locations
 - Impending changes and developments within the City
- 3.9 Based on the above, it therefore is proposed that the following pricing strategy is adopted. Officers will continue to review and monitor parking patterns, reporting annually to the Cabinet Member for Greener Chelmsford. Any further changes would be presented to the Cabinet.
- 3.10 A full list of the proposed tariff changes is set out within **Appendix A** to this report. A summary of the main changes is set out below.
4. Short stay
- 4.1 The short stay charges were last increased in 2018 (e.g. a 1-hour stay increased from £1.20 to £1.40). The 2-hour and 3-hour charging periods were increased by 20p. As part of a benchmarking exercise, the increased fees put them at a lower rate to other operators and local authorities with comparable demographics, e.g. Colchester.
- 4.2 It is expected that City Centre parking demand will continue to increase in the coming years and in order to provide occupancy rates in the region of 85% to ensure efficient operations and continued availability of space for visitors, an increase to short-stay charges is now proposed.
- 4.3 Short stay car parks within the City Centre are vital to ensure that shoppers have somewhere to park conveniently. It is therefore proposed that the charges for the short-stay car parks are rationalised to begin with £1.50 for 1 hour, increasing to £3 for 2 hours, £3.70 for 3 hours and £5.20 for 4 hours.
- 4.4 It is also proposed to introduce 24-hour parking charges to High Chelmer and Townfield Street enabling the Service to explore extending operational hours and providing enhanced customer service.

5. Mixed stay

- 5.1 Being slightly further out of the retail centre, Baddow Road and Moulsham Street car parks offer parking for workers, shoppers and those using nearby facilities, such as the Travelodge hotel. These car parks offer both short- and long-term parking pricing. Small changes have been made over recent years and it is therefore proposed that, along with the small uplift applied to the short stay, as set out above, a £1 uplift is also applied to the 1-day stays.

6. Long stay

- 6.1 The long stay charges were last increased in 2018. Throughput across most of the long stay car parks has remained relatively constant year on year. It is proposed that some increases are applied across the long stay car parks to encourage commuters to use more sustainable options e.g. Park & Ride (bus or cycle). At the same time, it is proposed that we maintain or reduce the current weekend charges which will encourage use of the car parks outside of peak periods.
- 6.2 Long stay parking is provided for commuters and workers. It is proposed that charges are increased by £1. We will continue to offer very low evening and weekend charges to continue to encourage shoppers to use these locations at busy weekend times.
- 6.3 In relation to the station car parks (Townfield Street, Glebe Road and Fairfield Road) the proposal is to increase the charges to £8.50 all day. This cost remains competitive against other similar operated car parks and will ensure that the season ticket offered by the Council remains cost effective.
- 6.4 The outer-city long stay car parks of Coval Lane, Moulsham Street, Rectory Lane East and West, Waterhouse Lane and Regina Road currently charge £5.50 all day. It is proposed that these are increased to £6.50. This charge still remains above the Park & Ride cost of £3.60 per person and so ensures that this remains a desirable option for those travelling alone in a vehicle. Waterhouse Lane is currently £4 all day and it is proposed that this is increased to £5.

7. Permits

- 7.1 In 2018, the Annual 7 season ticket was increased from £800 to £850. Similarly, Fairfield Road, High Chelmer, Meadows Retail, Townfield Street and West End season tickets were increased by £50.
- 7.2 The Car Parks Team has seen a noticeable increase in requests for parking permits. There is now a significant waiting list for permits and, in order to manage this demand, it is proposed to increase the permit price by £100 for the following car parks: Townfield Street MSCP, Fairfield Road, High Chelmer MSCP and Meadows Retail MSCP. These new charges recognise the prime location and high demand for these prominent car parks in the City Centre.
- 7.3 As Meadows Surface car park is currently under-utilised, it is proposed to offer a limited number of season tickets in this prime location. These will be priced to match High Chelmer, providing a further option for workers in the City Centre.

8. Evening/Weekend tariff

8.1 The evening/weekend tariffs provide excellent value for money and contribute to a thriving City Centre economy. We wish to encourage more visitors to the City and therefore it is recommended that the evening and weekend tariffs are made more attractive where possible for all car parks by reducing some evening tariffs from £2 to £1 to increase demand and usage of the car parks.

9. Market trader permits

9.1 The current market traders permit tariffs continue to provide excellent value for money and contribute to a High Chelmer market place. It is proposed that charges for commercial and market vehicles in High Chelmer remain unchanged.

10. Cashless parking

10.1 Since 2015, over a third of the Council's Pay and Display car parks have been cashless, with Pay and Display machines taking card and contactless payments. The MiPermit app is also available as an alternative payment method. Recently, there has been a number of break-ins at these machines resulting in a considerable cost to the Council. Nationally, this appears to be on the rise again among local authorities and is still a high risk.

10.2 We therefore propose that Cabinet approves the transition of all Pay and Display car parks to become cashless from April 2020. The public will be notified via a concentrated publicity campaign.

10.3 In addition, there remains an increasing demand for the use of digital-friendly technology which, coupled with a reduction in more traditional payment methods, can help to promote reduced emissions (e.g. pre-payment, reduced coin collections). The MiPermit app, introduced in May 2018, has been used successfully as an alternative payment method, especially since MiPermit is already widely used across many local authorities, including on-street in both the North and South Essex Parking Partnerships.

10.4 With our previous pay-by-phone provider there was a 20p processing fee for using the cashless option. When this provider changed in 2018, the Council simultaneously reduced this fee to 10p to increase the uptake of this payment cashless technology which was well received. It is therefore proposed that the Council absorbs the current 10p cost into its current fees and presents the same tariff to the customer through MiPermit as it does through conventional methods to further increase this uptake.

10.5 By going fully cashless in all car parks, there is the potential to save up to £50,000 in cash collection fees, thus still creating a net saving for the Council. It is also possible to reduce the amount of emissions through greater promotion of MiPermit as a pre-payment facility which can be used prior to onward travel.

11. Conclusion

11.1 The purpose of this tariff review is to ensure that the Council's car parks continue to operate competitively within the wider off-street parking market in Chelmsford, to effectively manage demand and to generate sufficient income to be able to adequately maintain and re-invest in those facilities.

- 11.2 The pricing strategy as outlined in the report aims to maintain net revenue levels and bring in a smarter charging structure that will ensure the car parks are used well and efficiently. Parking patterns will continue to be reviewed and discussed regularly with the Cabinet Member for Greener Chelmsford.

If approved by the Cabinet, the next increase is due in April 2020.

List of Appendices

Appendix A – Car Park and Parking Places Tariff 2020/21

Background Papers

None

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Short Stay – Zone A

High Chelmer Multi-Storey Meadows Retail Multi-Storey Meadows Surface Parkway	Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Saturday (6am to 6pm)	Not Exceeding	1 hour	1.40	<i>1.50</i>
		2 hours	2.50	<i>3.00</i>
		3 hours	3.20	<i>3.70</i>
		4 hours	4.70	<i>5.20</i>
		5 hours	7.50	<i>8.00</i>
		6 hours	8.50	<i>9.00</i>
		7 hours	10.50	<i>11.00</i>
		8 hours	14.50	<i>15.00</i>
	Exceeding	8 hours	18.00	18.00
Sunday (6am to 6pm)	Not Exceeding	1 hour	1.40	<i>1.50</i>
		2 hours	2.50	<i>3.00</i>
		3 hours	3.20	<i>3.70</i>
	Exceeding	3 hours	4.70	<i>5.20</i>
Evening/Overnight Monday to Sunday (6pm to 6am)	Not Exceeding	1 hour	1.20	2.00*
		2 hours	2.30	
	Exceeding	2 hours	2.50	
Market Traders and Service Roads: High Chelmer, Monday to Saturday (6am to 10pm)			4.00	4.00
Vehicles release from a locked car park**			50.00	50.00
Season Ticket: High Chelmer and Meadows Surface	Annual		1650.00	<i>1700.00</i>
Season Ticket: Meadows Retail Monday to Friday			1100.00	<i>1150.00</i>
Season Ticket: Meadows Retail Monday to Sunday			1465.00	1465.00
Resident Car Park Permit			350.00	350.00

*This is a flat fee that applies from 6pm to 6am.

**This applies from 10pm (Monday to Saturday) and from 6pm (Sunday) to High Chelmer and Meadows Retail Multi-Storeys.

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Short Stay – Zone A

Riverside Waterloo Lane 1 Waterloo Lane 2 Waterloo Lane 3	Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Sunday (6am to 6pm)	Not Exceeding	30 mins	0.40	<i>0.50</i>
		1 hour	1.40	<i>1.50</i>
		2 hours	2.50	<i>2.80</i>
		3 hours	3.20	<i>3.50</i>
		4 hours	4.70	<i>5.00</i>
		5 hours	7.50	<i>8.00</i>
		6 hours	8.50	<i>9.00</i>
		7 hours	10.50	<i>11.00</i>
	8 hours	14.50	<i>15.00</i>	
	Exceeding	8 hours	18.00	18.00
Evening/Overnight Monday to Sunday (6pm to 6am)	Not Exceeding	30 mins	0.40	<i>0.50</i>
	Exceeding	30 mins	1.40	<i>1.50</i>
Resident Car Park Permit	Annual		350.00	350.00

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Mixed Stay – Zone B

Baddow Road		Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Sunday (24 hours a day)		Not Exceeding	1 hour	1.40	<i>1.50</i>
			2 hours	2.40	<i>2.80</i>
			3 hours	3.10	<i>3.50</i>
Monday to Sunday	1-Day Ticket*	Not Exceeding		6.50	<i>7.50</i>
	2-Day Ticket*			13.00	<i>14.00</i>
	3-Day Ticket*			18.00	<i>21.00</i>
	4-Day Ticket*			24.00	<i>28.00</i>
	5-Day Ticket*			30.00	<i>35.00</i>
Evening/Overnight Monday to Sunday (6pm to 6am)				1.00	1.00
Season Ticket (Annual 7)		Annual		850.00	<i>900.00</i>
Resident Car Park Permit				350.00	350.00

***Buying an advance ticket for one day or more does not guarantee you a parking space.**

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Long Stay – Zone A

Fairfield Road Glebe Road Townfield Street Multi-Storey	Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Friday (5:30am to 6pm)	Not Exceeding	1 hour	1.20	<i>1.50</i>
	1-Day Ticket* (5:30am to 11pm)		7.50	<i>8.50</i>
	2-Day Ticket* (5:30am to 11pm)		15.00	<i>17.00</i>
Saturday and Sunday (5:30am to 6pm)			2.00	<i>2.50</i>
Evening/Overnight Monday to Sunday (6pm to 5:30am)			2.50	<i>2.00</i>
Vehicles release from a locked car park**			50.00	50.00
Season Ticket	Annual		1700.00	<i>1750.00</i>
Resident Car Park Permit			350.00	350.00

***Buying an advance ticket for one day or more does not guarantee you a parking space.**

****This applies from 11pm (Monday to Saturday) and from 6pm (Sunday) to Townfield Street Multi-Storey.**

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Long Stay – Zone B

Coval Lane Rectory Lane East Rectory Lane West	Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Friday (08.00 to 23.59 hrs)	Not Exceeding	30 mins	0.40	<i>0.50</i>
	All Day		5.50	<i>6.50</i>
Saturday & Sunday (08.00 to 23.59 hrs)	Not Exceeding	30 mins	0.40	<i>0.50</i>
	All Day		1.50	<i>2.00</i>
Evening/Overnight Monday to Sunday (17.00 to 05.59 hrs)			1.20	<i>1.00</i>
Season Ticket (Annual 7)	Annual		850.00	<i>900.00</i>
Resident Car Park Permit			350.00	350.00

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Mixed Stay – Zone C

Moulsham Street	Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Sunday (08.00 to 17.00 hrs)	Not Exceeding	30 mins	0.20	<i>0.50</i>
		1 hour	1.20	<i>1.50</i>
		2 hours	1.50	<i>2.00</i>
		3 hours	2.00	<i>3.00</i>
	Exceeding	3 hours	5.00	<i>6.50</i>
Evening/Overnight Monday to Sunday (17.00 to 05.59 hrs)			1.00	1.00
Season Ticket (Annual 7)	Annual		850.00	<i>900.00</i>
Resident Car Park Permit			350.00	350.00

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Long Stay – Zone C

Regina Road	Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Friday (08.00 to 23.59 hrs)	All Day		5.50	<i>6.50</i>
Saturday and Sunday (08.00 to 23.59 hrs)	Not Exceeding	1 hour	1.20	<i>1.50</i>
		2 hours	2.20	<i>2.50</i>
		3 hours	3.20	<i>3.50</i>
	Exceeding	3 hours	4.50	<i>5.00</i>
Evening/Overnight Monday to Sunday (17.00 to 05.59 hrs)			1.00	1.00
Season Ticket (Annual 7)	Annual		850.00	<i>900.00</i>
Resident Car Park Permit			350.00	350.00

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Long Stay – Zone D

Waterhouse Lane	Charging Period	Existing £	New (Any changes in <i>italics</i>) £
Monday to Friday (08.00 to 23.59 hrs)	Day	4.00	<i>5.00</i>
Saturday and Sunday (08.00 to 23.59 hrs)		0.00	<i>1.00</i>
Market Traders and Service Roads: Monday to Friday (6am to 10pm)		4.00	<i>4.50</i>
Season Ticket (Annual 7)	Annual	850.00	<i>900.00</i>
Resident Car Park Permit		350.00	350.00

APPENDIX A
Car Park and Parking Places Tariff 2020 Proposed
Short Stay – Limited Waiting

West End	Charging Period		Existing £	New (Any changes in <i>italics</i>) £
Monday to Sunday (08.00 to 17.00 hrs)	Not Exceeding	30 mins	0.40	<i>0.50</i>
		1 hour	1.40	<i>1.50</i>
		2 hours	1.70	<i>2.00</i>
		3 hours	2.50	<i>3.00</i>
Evening/Overnight Monday to Sunday (17.00 to 05.59 hrs)			1.00	1.00
Business Permit	Annual		1150.00	<i>1200.00</i>

CABINET
28th January 2020
AGENDA ITEM 7.2

Subject	BROWNFIELD LAND REGISTER
Report by	CABINET MEMBER FOR GREENER CHELMSFORD

Enquiries contact: Liz Harris-Best, 01245 606378 liz.harrisbest@chelmsford.gov.uk

Purpose
The purpose of this report is to seek Cabinet's approval to publish the revised Brownfield Land Register 2019 and to agree how the Brownfield Land Register is updated in future.
Options
<ol style="list-style-type: none"> 1. To approve publication of the Brownfield Register Methodology 2019 and Part 1 Brownfield Register 2019 and the method for updating the Brownfield Register in future. 2. Not to approve publication of the Brownfield Register Methodology 2019 and Part 1 Brownfield Register 2019 and the method for updating the Brownfield Register in future.
Recommendations
<ol style="list-style-type: none"> 1. That the updated Brownfield Register Methodology 2019 and Part 1 Brownfield Register 2019 set out at Appendices 1 and 2 are published and added to the national register. 2. That the Director of Sustainable Communities, having undertaken an annual review of the Brownfield Register Methodology and Part 1 Brownfield Register, is authorised, following consultation with the Cabinet Member for Greener Chelmsford, to publish the Part 1 Brownfield Register in April each year and update the national register. 3. That the Spatial Planning Services Manager be authorised to update and publish the Part 1 Brownfield Register, on an on-going basis, when a new brownfield site is identified or an existing one changes status and update the national register.

Corporate Implications	
Legal:	The Town and Country Planning (Brownfield Land Register) Regulations 2017 require local authorities to prepare and maintain registers of brownfield land that is suitable for residential development.
Financial:	None
Personnel:	None
Risk Management:	Without this document the Council would be in breach of the above-mentioned regulations.
Equalities and Diversity: (For new or revised policies or procedures has an equalities impact assessment been carried out? Y/N)	No, the Brownfield Register Methodology 2019 and Part 1 Brownfield Register 2019 must accord with the Town and Country Planning (Brownfield Land Register) Regulations 2017.
Potential impact on climate change and the environment	New housing delivery can have a negative impact on climate and environmental change issues. Planning Policies, Building Regulations and Environmental Legislation ensure that new housing meets increasingly higher sustainability and environmental standards which will help mitigate this impact.
Contribution toward achieving a net zero carbon position by 2030	Building Regulations have replaced the Code for Sustainable Homes, which were contained in the Council's Local Development Framework. The Government are consulting on changes to the Building Regulations called the Future Homes Standard to increase energy efficiency requirements in new homes in 2020 with increased energy and low carbon heating requirements by 2025. The new Local Plan and emerging Making Places SPD will provide further planning policies and guidance once adopted.
Health and Safety:	None
IT:	None
Other:	None

Consultees	Development Management Legal Services
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<p>Policies and Strategies</p> <p>The report takes into account the following policies and strategies of the Council:</p> <ul style="list-style-type: none"> • Core Strategy and Development Control Policies DPD • Focused Review of the Core Strategy and Development Control Policies DPD • Chelmsford Town Centre Area Action Plan • North Chelmsford Area Action Plan • Site Allocations DPD • Supplementary Planning Documents <p>Chelmsford City Council's Local Development Framework takes into account all published strategies of the Council, together with the Community Plan published by the Chelmsford Partnership.</p>
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1. Introduction

- 1.1 Brownfield land registers provide up-to-date and consistent information on sites that local planning authorities consider, subject to specific criteria, may be appropriate for residential development. Regulation 3 of the Town and Country Planning (Brownfield Land Register) Regulations 2017 requires local planning authorities in England to prepare, maintain and publish registers of previously developed (brownfield) land.
- 1.2 Brownfield sites that meet the relevant criteria must be entered in Part 1 of brownfield land registers. Sites entered in Part 2 of the brownfield land registers are granted permission in principle.
- 1.3 Part 2 is a subset of Part 1 and will include only those sites in Part 1 that the Council has decided that the land would be suitable for a grant of Permission in Principle (PIP) for residential development. There is no requirement to have a Part 2 Register and it is for the Council to decide whether it wishes to transfer any site from Part 1 of the Register.
- 1.4 The PIP consent route is an alternative way of obtaining planning permission for housing-led development which separates the consideration of matters of principle for proposed development from the technical detail of the development. The first stage, or permission in principle stage, establishes whether a site is suitable in-principle. The second stage is when the detailed development proposals are assessed.
- 1.5 Regulation 17 requires local planning authorities to review their registers at least once a year.
- 1.6 This report presents the outcome of the brownfield land register annual review for 2019 which includes revised guidance in relation to the Council's Strategic Housing and Employment Land Availability Assessment (SHELAA).
- 1.7 The revised methodology in Appendix 1 seeks to clarify that sites assessed as Category 1 sites in the SHELAA are only incorporated in Part 1 of the Register where they also meet the criteria in Regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017.
- 1.8 The guidance has also been revised to now include conversions or additional floors added on to the top of existing buildings on wholly previously developed land listed on the latest published Housing Site Schedule.
- 1.9 On the 31st October 2019, the Ministry of Housing, Communities and Local Government published updated guidance on the format and data required when local planning authorities publish brownfield land data. The Ministry of Housing, Communities and Local Government will maintain a national brownfield land register using the data local authorities publish.
- 1.10 The full list of sites to be included on Part 1 of the Brownfield Register 2019 and the new format for the data required, is set out in Appendix 2.

2. Brownfield Land Register 2019

- 2.1 Part 1 of a brownfield land register comprises all brownfield sites that a local planning authority has assessed as appropriate for residential development. This includes sites with extant full planning permission for development that has not been implemented, outline planning permission as well as sites without planning permission where they meet

the criteria set out in Regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017.

- 2.2 Regulation 4 sets out the criteria against which sites should be assessed. Among other things, the site must be “suitable for residential development”. In summary, this means that the site must (i) be allocated in the local plan for residential development, or (ii) have planning permission or planning permission in principle for residential development, or (iii) be, in the opinion of the local planning authority, suitable for residential development.
- 2.3 National Planning Practice Guidance on Brownfield Land Registers sets out that local planning authorities should consider how they can integrate well-established processes to identify sites that are already set out as part of the Strategic Housing Land Availability Assessment, to identify sites that may be suitable for including in brownfield land registers.
- 2.4 In accordance with this guidance, the Council utilises the work undertaken as part of the Strategic Housing and Employment Land Availability Assessment (SHELAA) process to identify potential sites. The Council then considers if potential SHELAA sites also meet regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017.
- 2.5 The Council publishes a Housing Site Schedule in April each year. All wholly previously developed land sites on the Housing Site Schedule published in April 2019 (whether they have Planning Permission or not) which have not yet been implemented and are expected to be delivered within the next 5 years, have been included on Part 1 of the Brownfield Register in Appendix 2.
- 2.6 Sites on the Housing Site Schedule published in April 2019 which have started but stalled in their construction are included on the register with a note indicating that they are ‘stalled’.
- 2.7 On the 31st October 2019, the Ministry of Housing, Communities and Local Government published updated guidance on the format and data required when local planning authorities publish brownfield land data.
- 2.8 The updated guidance states that local planning authorities should update their register as soon as a new brownfield site is identified or an existing one changes status. If a site is no longer considered brownfield land or no-longer needs to be listed because development has commenced, it should in future remain on the register with an end date.
- 2.9 To avoid a situation where sites are added to Part 1 of the Brownfield Register on a date after their “end date”, it is proposed Officers only retain sites and complete the “end date” column, following publication of Part 1 of the Brownfield Register 2019.
- 2.10 The previous specification for brownfield land data contained several column headers that aren’t listed in the updated guidance and are now optional.
- 2.11 Part 1 of the Brownfield Register 2019 set out at Appendix 2 reflects the updated format set out in the guidance published on the 31st October 2019.
- 2.12 All sites included on Part 1 of the Brownfield Land Register are assessed to determine whether they are considered appropriate for permission in principle to be granted for residential development. As at April 2019 all the sites included in Part 1 of the Brownfield Land Register already have a grant of planning permission. At this stage, Officers do not consider there a need to create a Part 2 Register.

3. Conclusion

- 3.1 Cabinet is asked to approve for publication Appendix 1 and 2 which comprises the Council's Brownfield Register (Part 1) 2019 and to update the national register with this information.
- 3.2 Cabinet is also asked to authorise the Director of Sustainable Communities to undertake an annual review of the Brownfield Register Methodology and Part 1 of the Brownfield Register, following consultation with the Cabinet Member for Greener Chelmsford, publish the Part 1 of the Brownfield Register in April each year and update the national register.
- 3.3 Cabinet is asked to authorise the Spatial Planning Services Manager to update and publish the Part 1 Brownfield Register on an on-going basis when a new brownfield site is identified or an existing one changes status and update the national register.

List of Appendices

Appendix 1 – Brownfield Register Methodology 2019

Appendix 2 – Part 1 Brownfield Register 2019

Background Papers

Town and Country Planning (Brownfield Land Register) Regulations 2017

Guidance, Publish your brownfield land data, MHCLG, October 2019



Brownfield Land Register 2019



Chelmsford
City Council

Chelmsford City Council Brownfield Land Register 2019

What is the Brownfield Land Register?

The Town and Country Planning (Brownfield Land Register) Regulations 2017 require local authorities to prepare and maintain registers of brownfield land that is suitable for residential development. Previously developed (brownfield) land has the same meaning as land of that description in Annex 2 of the National Planning Policy Framework.

Brownfield Land Registers provide up-to-date and consistent information on sites that local authorities consider to be appropriate for residential development having regard to the criteria set out in regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017 (<http://www.legislation.gov.uk/uksi/2017/403/regulation/4/made>)

Local planning authorities can trigger a grant of permission in principle for residential development for sites on their registers where they follow the required procedures.

Brownfield Land Registers comprises two parts:

Part 1

Part 1 of the Brownfield Land Register comprises all brownfield sites that the Council has assessed as appropriate for residential development having regard to the criteria set out in regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017. This includes sites with extant full planning permission that have not been implemented and permission in principle, as well as suitable sites without planning permission. Windfall sites can be considered for inclusion as part of an annual review process.

Part 2

Part 2 is a subset of Part 1 and will include only those sites in Part 1 that the Council has decided that the land would be suitable for a grant of permission in principle for residential development. The permission in principle consent route is an alternative way of obtaining planning permission for housing-led development which separates the consideration of matters of principle for proposed development from the technical detail of the development. The first stage, or permission in principle stage, establishes whether a site is suitable in-principle. The second stage is when the detailed development proposals are assessed.

What sites have been included in Part 1 of the Brownfield Land Register?

Chelmsford City Council has published Part 1 of the Brownfield Land Register. It is available to view on the Council's website in the standardised format set out by the Town and Country Planning (Brownfield Land Register) Regulations 2017.

In addition to the criteria set out in regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017, section 14A of the Planning and Compulsory Purchase Act 2004 requires local planning authorities to have regard to:

1. the development plan;
2. National policies and advice; and

3. any guidance issued by the Secretary of State.

The National Planning Practice Guidance on Brownfield Land Registers sets out that local planning authorities should consider how they can integrate well-established processes to identify sites that are already set out as part of the Strategic Housing Land Availability Assessment, to identify sites that may be suitable for including in brownfield land registers. In accordance with this guidance, the Council utilises the work undertaken as part of the Strategic Housing and Employment Land Availability Assessment (SHELAA) process to identify potential sites.

SHELAA sites to be considered for inclusion in Part I of the Brownfield Land Register include:

- all sites on the SHELAA which are wholly previously developed land in the latest published SHELAA; and
- sites in the latest published SHELAA which are promoted for housing; and
- sites in the latest published SHELAA which are not located in the Green Belt and have been assessed, without regard to the Council's development plan, as Category I sites.

Where these potential sites also meet the criteria in regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017 and section 14A of the Planning and Compulsory Purchase Act 2004, they must be included in Part I of the Brownfield Land Register.

Identification as a Category I potential housing site within the SHELAA doesn't of itself qualify the site for inclusion in the Brownfield Land Register. For inclusion within the Brownfield Land Register the site must meet all the qualifying criteria set out in regulation 4 (1) of the 2017 Regulations. Among other things, the site must be "suitable for residential development". In summary, this means that the site must (i) be allocated in the local plan for residential development, or (ii) have planning permission or planning permission in principle for residential development, or (iii) be, in the opinion of the local planning authority, suitable for residential development.

The Council publishes a Housing Site Schedule in April each year. All wholly previously developed land sites on the Housing Site Schedule published in April 2019 (whether they have Planning Permission or not) which have not yet been implemented and are expected to be delivered within the next 5 years will be included on Part I of the Brownfield Register.

Sites on the Housing Site Schedule published in April 2019 which have started but stalled in their construction are included on the register with a note indicating that they are 'stalled'.

Where a site appears in both the latest published SHELAA and latest published Housing Site Schedule and the site has planning permission, the Housing Site Schedule details are used. Where a site appears in both the latest published

SHELAA and latest published Housing Site Schedule but does not have planning permission, the SHELAA details are used.

Regulation 5(3) of the Town and Country Planning (Brownfield Land Register) Regulations 2017 allows local planning authorities to enter sites below the minimum site size of capacity threshold of 0.25 hectares, or capable of supporting at least 5 dwellings in brownfield land registers, where a site meets the criteria in paragraphs (1)(b) to (d) of regulation 4 of the Town and Country Planning (Brownfield Land Register) Regulations 2017.

If a site is no longer considered brownfield land or no-longer needs to be listed because development has commenced, it will in future remain on Part 1 of the Brownfield Land Register with an end date.

Which sites are included on Part 2 of the Brownfield Land Register?

All the sites included on Part 1 of the Brownfield Land Register are assessed to determine whether they are considered appropriate for permission in principle to be granted for residential development. As at April 2019 all the sites included in Part 1 of the Brownfield Land Register already have a grant of planning permission.

How often will the Brownfield Land Register be updated?

After the initial publication of Part 1 of the register in December 2017, the Brownfield Land Register has been aligned to update on an annual basis with the following datasets that have an April baseline:

- Housing Site Schedule
- Five-year Housing Land Supply position statement
- Strategic Housing and Employment Land Availability Assessment
- Brownfield Register (Part 1 and Part 2)

Reviews of the Brownfield Land Register ensure that sites which no longer meet the criteria for inclusion are removed and new sites are assessed and entered if it is appropriate to do so. There is no requirement for local planning authorities to carry out consultation, publicity or notification before it removes a site from a brownfield land register.

What information is included in the Part 1 Register?

The Ministry of Housing, Communities & Local Government provides guidance on how to publish brownfield land data to ensure brownfield land registers are:

- published in the agreed format and contain the required data
- kept up to date
- easily found online

<https://www.gov.uk/government/publications/brownfield-land-registers-data-standard/publish-your-brownfield-land-data>

The Council has followed this guidance and the following table sets out what data has been used or included within the Part 1 Register and where it can be found in the register.

Column Title	SHELAA Sites	HSS Sites
Organisation URI	Open Data Communities URI.	Open Data Communities URI.
Site Reference	SHELAA reference.	Planning application/PE reference or if allocated without planning permission or not a SHELAA site the site allocation reference is used.
Site Name Address	Site address.	Site address.
GeoY	North grid reference	North grid reference
GeoX	East grid reference	East grid reference
Site Plan URL	URL of web page hosting the site plan	URL of web page hosting the site plan
Hectares	The overall Ha of the site up to 2 decimal places.	The overall Ha of the site up to 2 decimal places.
Ownership Status	Must be one of the following: <ul style="list-style-type: none"> owned by a public authority not owned by a public authority mixed ownership 	Must be one of the following: <ul style="list-style-type: none"> owned by a public authority not owned by a public authority mixed ownership
Planning Status	Not permissioned.	Must be one of the following: <ul style="list-style-type: none"> permissioned not permissioned pending decision Where part of a site has planning permission then it is marked as 'permissioned' and the notes field used to explain why only part of it is permissioned.

Column Title	SHELAA Sites	HSS Sites
Permission Type	Will not be required.	One of the following must be added if the status of the site is 'permissioned': <ul style="list-style-type: none"> • full planning permission • outline planning permission • reserved matters approval • permission in principle • technical details consent • planning permission granted under an order • other
Permission Date	N/A	Date of permission is in the following format yyyy-mm-dd
Planning History	N/A	N/A
Deliverable	Yes NB - these are only sites expected to be delivered in the next 5 years.	Yes NB - these are only sites expected to be delivered in the next 5 years.
Net Dwellings Range From	Min net new dwellings that would be acceptable on the site.	N/A
Net Dwellings Range To	Maximum net new dwellings that would be acceptable on the site. This is the estimated yield taken from the SHELAA assessment.	Number of net new homes granted pp.
Hazardous Substances	Enter 'yes' if the local planning authority is required to conduct an environmental impact assessment on the proposed development otherwise leave blank.	Enter 'yes' if the local planning authority is required to conduct an environmental impact assessment on the proposed development otherwise leave blank.
Notes	Any other relevant information about a site is included.	Any other relevant information about a site is included.
First Added Date	Date first added to the register yyyy-mm-dd	Date first added to the register yyyy-mm-dd
Last Updated Date	Date site was last updated yyyy-mm-dd	Date site was last updated yyyy-mm-dd
End Date	N/A	Date site was developed or determined to no longer be brownfield land yyyy-mm-dd



This publication is available in alternative formats including large print, audio and other languages

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	A	B	C	D	E	F	G	H	I	J	K
1	APPENDIX 2 - Brownfield Register (Part 1) 2019										
2	OrganisationURI	SiteReference	SiteNameAddress	GeoY	GeoX	SiteplanURL	Hectares	OwnershipStatus	PlanningStatus	PermissionType	PermissionDate
3	http://opendatacomunities.org/id/district-council/chelmsford	16/01565/FUL	Site at 190 Moulsham Street Chelmsford	206337	570798	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.01	not owned by a public authority	permitted	Full planning permission	2017-02-14
4	http://opendatacomunities.org/id/district-council/chelmsford	16/02281/FUL	Rivers House 129 Springfield Road Chelmsford	206965	571384	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.02	not owned by a public authority	permitted	Full planning permission	2017-03-08
5	http://opendatacomunities.org/id/district-council/chelmsford	13/00690/ETL	Land north west of Essex County Cricket Ground New Writtle Street Chelmsford	206486	570616	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	1.12	not owned by a public authority	permitted	full planning permission	2013-09-17
6	http://opendatacomunities.org/id/district-council/chelmsford	17/00142/FUL	Burrows Electrical Wholesalers Railway Street Chelmsford	207170	570414	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.06	not owned by a public authority	permitted	full planning permission	2017-06-28
7	http://opendatacomunities.org/id/district-council/chelmsford	16/01145/FUL	47 Broomfield Road Chelmsford	207315	570317	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.11	not owned by a public authority	permitted	full planning permission	2016-09-30
8	http://opendatacomunities.org/id/district-council/chelmsford	18/01544/FUL	Site rear of 30-34 Broomfield Road	207239	570415	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.07	mixed ownership	permitted	full planning permission	2019-02-28
9	http://opendatacomunities.org/id/district-council/chelmsford	17/00240/FUL	Boreham Village Store Main Road Boreham	210039	575314	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.16	not owned by a public authority	permitted	full planning permission	2017-05-05
10	http://opendatacomunities.org/id/district-council/chelmsford	16/02157/FUL	Site rear of 139 to 141 Springfield Road Chelmsford	206999	571410	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.03	not owned by a public authority	permitted	full planning permission	2017-02-01
11	http://opendatacomunities.org/id/district-council/chelmsford	12/00917/FUL	Land South East of Riverbank Court Shrublands Close Chelmsford	206918	571250	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.08	not owned by a public authority	permitted	full planning permission	2012-07-25

	A	B	C	D	E	F	G	H	I	J	K
12	http://opendatacomunities.org/id/district-council/chelmsford	17/00207/FUL	Roadstar Tyre and Exhaust Centre New Writtle Street Chelmsford	206334	570714	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.06	mixed ownership	permitted	full planning permission	2017-06-16
13	http://opendatacomunities.org/id/district-council/chelmsford	16/01590/FUL	Block 32-37 Glebe Road Chelmsford	207362	570489	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.02	not owned by a public authority	permitted	Full planning permission	2016-10-31
14	http://opendatacomunities.org/id/district-council/chelmsford	18/00627/FUL	Woodend Cat Hotel 77 Hopping Jacks Lane Danbury Chelmsford	205616	578969	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.15	not owned by a public authority	permitted	full planning permission	2018-06-20
15	http://opendatacomunities.org/id/district-council/chelmsford	15/01900/OUT	Chamberlains Farm Sporhams Lane Sandon	203968	576127	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	1.51	not owned by a public authority	permitted	outline planning permission	2016-06-15
16	http://opendatacomunities.org/id/district-council/chelmsford	18/01508/OUT	Buildings rear of Spread Eagle Church Lane Ford End	216705	567951	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.24	not owned by a public authority	permitted	outline planning permission	2018-12-19
17	http://opendatacomunities.org/id/district-council/chelmsford	17/00905/FUL	Land Rear of 132 Brock Hill Runwell	195600	574238	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.18	not owned by a public authority	permitted	full planning permission	2017-08-10
18	http://opendatacomunities.org/id/district-council/chelmsford	17/00079/FUL	Site at Park Lane Riding School Park Lane Ramsden Heath	195226	571152	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.38	not owned by a public authority	permitted	full planning permission	2017-07-12
19	http://opendatacomunities.org/id/district-council/chelmsford	18/00896/FUL	Oaklings Dowsett Lane Ramsden Heath Billericay	196935	570982	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.45	not owned by a public authority	permitted	full planning permission	2018-07-16
20	http://opendatacomunities.org/id/district-council/chelmsford	17/02148/FUL	Land at the Grange Stock Road Stock	197485	568744	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.15	not owned by a public authority	permitted	full planning permission	2018-02-14
21	http://opendatacomunities.org/id/district-council/chelmsford	17/00987/FUL	The Grange Stock Road Stock	197453	568768	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.35	not owned by a public authority	permitted	full planning permission	2017-08-09
22	http://opendatacomunities.org/id/district-council/chelmsford	18/01895/FUL	Land North of 5 to 7 Baron Road South Woodham Ferrers	197347	581193	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.04	not owned by a public authority	permitted	full planning permission	2019-01-29

	A	B	C	D	E	F	G	H	I	J	K
23	http://opendatacomunities.org/id/district-council/chelmsford	17/01049/FUL	Buildings rear of Oxney Grove Ongar Road West Writtle	205893	566093	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.06	not owned by a public authority	permitted	full planning permission	2017-10-24
24	http://opendatacomunities.org/id/district-council/chelmsford	17/00780/FUL	Writtle Community Association 12-14 Redwood Drive Writtle	206121	566922	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.70	owned by a public authority	permitted	full planning permission	2018-03-15
25	http://opendatacomunities.org/id/district-council/chelmsford	17/01074/FUL	Site at Crowsheath Farm Hawkswood Road Downham	197011	571794	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.45	not owned by a public authority	permitted	full planning permission	2017-11-02
26	http://opendatacomunities.org/id/district-council/chelmsford	17/01746/FUL	101A Moulsham Street Chelmsford	205886	570462	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.19	not owned by a public authority	permitted	full planning permission	2017-11-23
27	http://opendatacomunities.org/id/district-council/chelmsford	17/01191/FUL	CHESS Day Centre St Marks Centre Cottage Place Chelmsford	207025	570755	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.04	not owned by a public authority	permitted	full planning permission	2018-01-11
28	http://opendatacomunities.org/id/district-council/chelmsford	17/00736/FUL	Brock Farm Ingatestone Road Stock Ingatestone	198123	567428	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.5	not owned by a public authority	permitted	full planning permission	2018-01-31
29	http://opendatacomunities.org/id/district-council/chelmsford	17/02001/FUL	Brook Farm Riding Stables Stock Road Stock	197445	568701	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.77	not owned by a public authority	permitted	full planning permission	2018-03-01
30	http://opendatacomunities.org/id/district-council/chelmsford	18/00047/FUL	Moulsham Home 116-117 Moulsham Street Chelmsford	205853	570364	https://publicaccess.chelmsford.gov.uk/online-applications/search.do	0.09	not owned by a public authority	permitted	full planning permission	2018-03-05
31	http://opendatacomunities.org/id/district-council/chelmsford	18/00500/CUPAO	Rosehart Properties Ltd Block B Chelmsford Office and Technology Park (BAE)	204010	572947	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.59	not owned by a public authority	permitted	Other	2018-05-09

	A	B	C	D	E	F	G	H	I	J	K
32	http://opendatacomunities.org/id/district-council/chelmsford	17/01999/FUL	Site at Sorata Boarding Kennels Woodham Road Rettendon Wickford	196579	578557	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.47	not owned by a public authority	permitted	full planning permission	2018-05-11
33	http://opendatacomunities.org/id/district-council/chelmsford	16/01916/FUL	Equestrian Centre Mill Hill Farm Chalk Street Rettendon Common Chelmsford	197079	575790	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	1.10	not owned by a public authority	permitted	full planning permission	2018-05-11
34	http://opendatacomunities.org/id/district-council/chelmsford	18/00375/FUL	4 The Old Nursery Rettendon Wickford	196283	578377	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.16	not owned by a public authority	permitted	full planning permission	2018-05-02
35	http://opendatacomunities.org/id/district-council/chelmsford	18/00290/FUL	Site at 73 Lady Lane Chelmsford	205900	571148	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.03	not owned by a public authority	permitted	full planning permission	2018-06-08
36	http://opendatacomunities.org/id/district-council/chelmsford	18/00819/OUT	Land South of 2 Hayes Chase Battlesbridge Wickford	196294	578540	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.05	not owned by a public authority	permitted	outline planning permission	2018-07-11
37	http://opendatacomunities.org/id/district-council/chelmsford	18/00582/FUL	De Beauvoir Farm Equestrian Centre Church Road Ramsden Heath	194992	571736	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	4.90	not owned by a public authority	permitted	Full planning permission	2018-07-13

	A	B	C	D	E	F	G	H	I	J	K
38	http://opendatacomunities.org/id/district-council/chelmsford	17/00290/FUL	Site at Mapletree Works Brook Lane Galleywood Chelmsford	203316	570497	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.15	not owned by a public authority	permitted	Full planning permission	2018-07-25
39	http://opendatacomunities.org/id/district-council/chelmsford	18/01058/FUL	27 The Square Stock Billericay	198957	569107	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.02	not owned by a public authority	permitted	Full planning permission	2018-08-09
40	http://opendatacomunities.org/id/district-council/chelmsford	18/01311/OUT	Land to the East of Lucas Avenue Chelmsford	204852	571479	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.19	not owned by a public authority	permitted	outline planning permission	2018-10-12
41	http://opendatacomunities.org/id/district-council/chelmsford	18/01067/FUL	Site at The Warehouse Hawk Lane Rettendon Wickford	194434	577555	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.20	not owned by a public authority	permitted	Full planning permission	2018-11-23
42	http://opendatacomunities.org/id/district-council/chelmsford	18/01171/FUL	Land at the Bell 126 Main Road Danbury Chelmsford	205336	577343	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.31	not owned by a public authority	permitted	Full planning permission	2019-01-16
43	http://opendatacomunities.org/id/district-council/chelmsford	18/00824/FUL	Site at 636-638 and 640 Galleywood Road Chelmsford	203980	570310	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.30	not owned by a public authority	permitted	Full planning permission	2019-02-18

	A	B	C	D	E	F	G	H	I	J	K
44	http://opendatacommunities.org/id/district-council/chelmsford	18/01957/FUL	Unit 1 Willow Acre Rectory Lane Battlesbridge Wickford	196271	578202	https://www.chelmsford.gov.uk/planning-and-building-control/planning-policy-and-new-local-plan/new-local-plan/call-for-sites-slaa-and-parish-maps/	0.10	not owned by a public authority	permitted	Full planning permission	2019-02-21

	L	M	N	O	P	Q	R	S
1								
2	PlanningHistory	Deliverable	NetDwellingsRangeFrom	NetDwellingRangeTo	HazardousSubstances	Notes	FirstAddedDate	LastUpdatedDate
3		yes		2			2019-04-15	2019-04-15
4		yes		4			2019-04-15	2019-04-15
5		yes		357		Site stalled	2017-10-30	2017-10-30
6		yes		14			2017-10-30	2017-10-30
7		yes		14		Site stalled	2017-10-30	2017-10-30
8		yes		24			2017-10-30	2019-02-28
9		yes		5			2017-10-30	2017-10-30
10		yes		1			2017-10-30	2017-10-30
11		yes		3		Site stalled	2017-10-30	2017-10-30

	L	M	N	O	P	Q	R	S
12		yes		5			2017-10-30	2017-10-30
13		yes		2			2019-04-15	2019-04-15
14		yes		1			2017-10-30	2018-06-25
15		yes		4			2017-10-30	2017-10-30
16		yes		1			2017-10-30	2018-12-19
17		yes		3			2017-10-30	2017-10-30
18		yes		6			2017-10-30	2017-10-30
19		yes		1			2017-10-30	2018-07-16
20		yes		2			2017-10-30	2018-02-14
21		yes		3			2017-10-30	2017-10-30
22		yes		3			2017-10-30	2019-01-29

	L	M	N	O	P	Q	R	S
23		yes		1			2017-10-30	2017-10-30
24		yes		13			2017-10-30	2018-03-15
25		yes		7			2017-11-06	2017-11-14
26		yes		9			2017-11-27	2017-11-27
27		Yes		10			2018-01-15	2018-01-15
28		yes					2018-01-31	2018-01-31
29		Yes		10			2018-03-01	2018-03-01
30		Yes		7			2018-03-05	2018-03-05
31		yes		65			2019-04-15	2019-04-15

	L	M	N	O	P	Q	R	S
32		yes		3			2018-05-14	2018-05-14
33		yes		5			2018-05-14	2018-05-14
34		yes		1			2018-05-14	2018-05-14
35		yes		1			2018-06-08	2018-06-08
36		yes		1			2018-07-11	2018-07-11
37		yes		6			2018-07-13	2018-07-16

	L	M	N	O	P	Q	R	S
38		yes		2			2018-07-25	2018-07-25
39		yes		1			2018-08-09	2018-08-09
40		yes		5			2018-10-12	2018-10-12
41		yes		4			2018-11-23	2018-11-23
42		yes		1			2019-01-16	2019-01-16
43		yes		14			2019-02-18	2019-02-18

	L	M	N	O	P	Q	R	S
44		yes		2			2019-02-21	2019-02-21

CABINET
28TH January 2020

AGENDA ITEM 8.1

Subject:	TREASURY MANAGEMENT STRATEGY 2020/21
Report by:	Cabinet Member for Fairer Chelmsford

Enquiries contact:

Phil Reeves Tel: 01245 606562

e-mail: phil.reeves@chelmsford.gov.uk

Purpose

This report sets out the recommended approach together with the associated risks in managing the Council's cash investments in 2020/21.

Options

To agree or vary the proposals in the report.

Recommendation

That the Cabinet accepts the report as endorsed by the Audit Committee and recommends to Council that:

- i. the Treasury Strategy for 2020/21 is approved (**Appendix 1**)
- ii. the Treasury Management indicators for 2020/21 are approved (**Appendix 2**)

Corporate Implications

Legal:	If no proposal is made to Council the authority will be in breach of its statutory duties
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	None
Personnel:	None
Risk Management:	The report identifies how risk to sums invested and interest rate risk will be managed.
Equalities and Diversity: (For new or revised policies or procedures has an equalities impact assessment been carried out? Y/N)	None
Health and Safety:	None
IT:	None
Other:	None

Consultees:

Treasury Management Sub Committee

Policies and Strategies:

Capital and Investment Strategies

1.0 Background

- 1.1 The Council can expect to have cash to invest arising from its revenue and capital balances, and collection of Council Tax. This cash can be usefully invested to produce a return to help support services and Council Tax. The activities around the management of this cash are known as 'Treasury Management'.
- 1.2 The amount of cash the Council has to invest will decline as the Council funds its capital programme.
- 1.3 Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks"
- 1.4 CIPFA produce a framework for managing treasury activities, called a 'Code'. Councils are legally required to have regard to this Code and members of CIPFA are expected to comply with its requirements. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the MHCLG Guidance.
- 1.5 The Council's investment priorities as required by Government regulations are in order of priority:
(a) the security of capital
(b) the liquidity of its investments; and when these are satisfied
(c) Yield.

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

1.6 Treasury Management is also the monitoring, planning and undertaking of borrowing. The Council may use borrowing to fund capital expenditure. There are effectively two types of borrowing;

- External, where the Council borrows from a bank, local authority or the Government with agreed repayment and interest terms. The Council's revenue budget is annually charged with interest for the loan and a charge is also made for principal debt repayment (**Minimum Revenue Provision**). It is important to note that MRP may assume capital expenditure is repaid over say 50 years but in cash terms for example a 5-year loan may have been agreed so new financing would need to be arranged at the end of this loan.
- Internal, where cash say from Community Infrastructure Levy (CIL) has been received by the Council but is not yet spent so it is 'borrowed' to fund the cash payments on capital expenditure. The Council still must charge its revenue budget MRP arising from the use of internally borrowed funds and will forgo the income it would have earned had the internally borrowed money been invested.

All borrowing and investment is undertaken by the Director of Finance and the role of members is to provide appropriate limits and scrutiny of the borrowing and investment.

1.7 Treasury Management regulations for local authorities require the Council to produce the following documentation:

- i) An overarching **Treasury Management Policy Statement**. This sets out the objectives of the Council's treasury management activities and was approved at February 2019 Council.
- ii) **Treasury Strategy (Appendix 1)**. This sets out the Council's approach to managing its investments for the year ahead.
- iii) **Treasury Management Practice Statements (TMPS)**. These are procedure notes, detailing how the Council will manage its treasury management risks. The Director of Finance is delegated to produce the TMPS; they do not require member approval and are therefore not reported formally. TMPs are reviewed regularly and updated as required.
- iv) **Yearly and Half Yearly Activity Reports**.

1.8 In 2018 changes were made to both the Prudential Code and the MHCLG investment guidance for local authorities. As such the Council is now required to prepare a Capital and Investment Strategies as overarching documents to support the prudent management of its capital expenditure, borrowing and investment activity. The Treasury Management Strategy now serves as a detailed supporting document to the Capital & Investment strategy and focuses on the management of investments and borrowing arising from the organisation's cashflows.

1.9 It has been previously reported (Capital & Investment Strategy 2019/20) that the Council was projecting a need to borrow to fund the capital programme in 2019/20. The capital programme is being partially funded by internal borrowing and this is forecast to continue into future years.

2. Audit and Risk Committee Review of Treasury Management Strategy

2.1 The Treasury Management Sub-committee of the Audit and Risk Committee has reviewed the contents of this report and any comments or changes recommended have been incorporated and the report has been updated for the implications of the budget proposals elsewhere on this agenda.

3. Executive summary of Proposed Investment Strategy

3.1 The key requirements operationally for the Council are summarised in paragraph 3.2, with a more detailed version in **Appendix 1**.

3.2 **Summary of Treasury Strategy for 2020/21 (full details Appendix 1)**

- 1) All Council investments will be made in UK sterling.
- 2) The Council expects to earn around 0.75-0.9% on its cash investments in 2020/21 and 4.1% from the CCLA property fund. Should Pooled funds be used they can be expected to achieve yields of around 3%.
- 3) The Council's cash flow and investment balances will be lower in 2020/21. The largest element of Council cash holdings will come from unspent CIL funds and Revenue Reserves.
- 4) There are no changes proposed to the investment criteria compared to the 2019/20 strategy. The Council investments will be managed by the Director of Finance in line with the Counter party criteria set out in **Appendix 1** (paragraph 4.15). The criteria set out in the report allow investment in:
 - Enhanced Money Market Funds
 - Money Market Funds (MMF)
 - UK Public bodies
 - Unsecured Bank investments
 - Unsecured Building Society Investments
 - Unsecured Non-UK Banks investments
 - Unsecured Registered Social Landlord Loans
 - Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds
 - Potential to undertake unsecured Challenger bank investments
 - Multi asset funds Bond and property funds

Each investment has a maximum monetary investment limit in place, identified in **Appendix 1** Paragraph 4.15. The Council has appointed Arlingclose to advise on Treasury matters including providing advice on the investment criteria used.

- 5) The Council as part of the 2019/20 budget undertook funding of its capital programme from internal borrowing and this is forecast to continue. The use of internal borrowing reduces the sums available to invest. The Council does within the strategy provide enough flexibility to enable internal borrowing to be switched to external loans if the financial case arises, so external borrowing limits will be set to that end.

4. Conclusion

- 4.1 The Council's investment strategy prioritises the security and liquidity of the Council's financial assets over yield.
- 4.2 The Council's methods for investment and selecting counter party do not remove all risk of losses but balance the need to make an appropriate return within reasonable risk parameters.
- 4.3 The Council's borrowing to fund its capital programme is planned to be internalised, but the strategy permits the switching to external loans should the financial case arise.

Background Papers

None

Appendices

- 1) Treasury Management Strategy
- 2) Treasury Management Indicators

Appendix 1 - Treasury Management Strategy 2020/21

1. Introduction

- 1.1 Chelmsford City Council has adopted and complies with both the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes and the Ministry of Housing, Communities and Local Government's Guidance on Local Government Investments.
- 1.2 Both the Code and MHCLG regulations require the Authority to prepare and authorise a Treasury Management Strategy prior to the start of each financial year. This report fulfils the Council's legal requirement under the Local Government Act 2003.
- 1.3 Chelmsford City Council has invested substantial sums of money 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.
- 1.4 This strategy will set out how the Council monitors and manages the financial risks arising from its treasury management operations.
- 1.5 It is important to note that the borrowing of monies purely to invest or lend on to make a return is unlawful and this Council will not engage in such activity.
- 1.6 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.
- 1.7 The CIPFA Prudential code requires authorities to publish an overarching Capital Strategy which considers capital expenditure, treasury management, investment strategy and various other factors.
- 1.8 In addition, the MHCLG guidance on borrowing and investments requires authorities to consider both financial and non-financial assets held for the generation of profit in a new Investment Strategy.
- 1.9 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 Capital Strategy. Prudential indicators will now be presented within the capital strategy and this report will instead put forward separate treasury management indicators.

2. External Context

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

The economic environment and interest rate forecast

- 2.2 Arlingclose, the Council's treasury advisors, forecast that interest rates are likely to remain at current levels until at least 2022. The risks to this forecast are deemed to be significantly weighted to the downside.
- 2.3 The key assumptions behind the forecast are:
- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
 - Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
 - UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggests falling household and business confidence. Both main political party have promised substantial fiscal easing, which should help support growth.
 - The weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
 - Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.

Credit Outlook and counterparty risk

- 2.4 Over recent years the Council has reduced the amount of unsecured bank deposits it holds in reaction to the "bail in" risk arising from reform to the banking sector. Under "bail in" provisions, investors would face losses to their deposits and share-holdings in order to recapitalise a bank before any Government bailout would occur.
- 2.5 Public Bodies provide much less risk as investment counterparty but a balance between risk and return does allow the use of other types of investment counter party. The Council should where possible continue to spread investments over different organisations and different investment categories (property, pooled funds, public bodies, etc) to provide a satisfactory balance of security of capital and return.
- 2.6 An economic slowdown will impact on the capital value of pooled funds and property investments. However, a balanced portfolio and ability to look beyond temporary price fluctuations could enable the effective use of these types of investment to generate a level of income/yield which protects against sub-inflation levels of return.
- 2.7 Banks and building societies may be financially weakened by an economic slowdown. Council credit criteria should therefore be set at a sufficient level to identify the counter party who are less at risk of suffering materially during such a slowdown; additionally the criteria must allow identification of enough active counter party to enable spread of investment and risk.

3. Local Context

- 3.1 At the end of November 2019, the Council held £60m of investments. These investments arise from balances (including unspent CIL) and reserves, as well as income received in advance of expenditure. The investments provide the Council with an income stream to support revenue expenditure.
- 3.2 A factor in setting the current individual limit of £3m per financial institution was it represented some 5% of total funds, clearly as investment balances fall the £3m represents a greater percentage of total funds, so investments become less spread proportionally if the £3m limit is kept. However, reducing the £3m limit would reduce the number of institutions willing to take Council deposits as the investment is judged too small to be economic for large institutions. The strategy must therefore balance these factors and for 2020/21 has retained the £3m limit.
- 3.3 The duration that an investment is made for impacts on the level of risk to capital invested. The longer the investment the more risk of some unexpected change occurring to the financial strength of the deposit taker. Perhaps, more importantly the Council can only invest for durations that enables Council liquidity to be managed effectively. To reduce these risks limits can be placed on the length of investments.
- 3.4 The Council's current and projected year end levels of investments are shown in the table below. It should be noted that year end tends to be the lowest point in the year 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; therefore, significant net cash outflows occur in February and March each year. The table below can be considered worse case scenarios given cashflow balances have historically turned out to be higher than projected (reflecting the difficulty of making such projections). The forecast reflects draft budget information.

	November 2019 £m	31 March 2020 £m	31 March 2021 £m	31 March 2022 £m
Investments	60	42	15	18

- 3.5 Community Infrastructure Levy contributions (CIL) and Revenue Reserves will continue to support the Council's average cash balance in 2020/21 but the forecast decline in cash balance reflects the use of internal borrowing. Should the Council identify an immediate need to use the unspent CIL balance (currently some £20m) then the cash balance will decline further, or external borrowing may be required.

4 Investment Strategy 2020/21

- 4.1 The Council's investment strategy will prioritise its investment objectives in the following order:
- Security of assets – investing in counterparty only where the risks of incurring a capital loss through default and the risks of late payment of principal and interest are low
 - Liquidity – Ensuring that the authority can access enough cash to meet its obligations with appropriate notice

- Yield – subject to the management of risks associated with security and liquidity of assets, the Council will seek to maximise the yield from its investment portfolio

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

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

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

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

- Enhanced Money Market Funds & Money Market Funds (MMF)
- UK Public bodies
- Unsecured Bank Investments
- Unsecured Building Society Investments
- Unsecured Non-UK Banks Investments
- Unsecured Registered Social Landlord Loans
- Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds
- Potential to undertake unsecured Challenger bank investments
- Multi asset funds Bond and property funds

4.4 **Enhanced Money Market and Money Market Funds.** The Council has access to enhanced money market funds (AAA rated) which offer a rate of return (0.8-0.95%) 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 modest rate of interest around 0.75% at November 2019 and most importantly allow same day access to funds. These funds spread the Council's investment over many financial institutions, so reducing risk. Historically the funds have proved very safe.

4.5 **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. Arlingclose offer some guidance on risks of each local authority but the data is based on snap shot year end accounts as only a few authorities can afford the cost of ratings by credit agencies.

4.6 **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 has increased the amount that could be lost in the event of a bank failure. With the completion of ringfencing activities by major banks to protect retail investors from investment banking losses, different banks have placed local authority depositors in either the retail or investment banking divisions. It should be noted that the credit scores for the banks with which the Council operates have either remained the same or improved as a result of ringfencing. The Council feels that it is still prudent to invest with banks subject first to credit rating criteria but considering the advice supplied by Arlingclose.

- 4.7 **Unsecured building society investments.** The Council's treasury strategy takes a different, more cautious approach to building societies than that recommended by Arlingclose, who undertake their own analysis to identify building societies that they believe have good financial characteristics. The Council instead requires that building societies have a long-term credit rating of at least A-.
- 4.8 **Unsecured Non-UK bank investments.** Arlingclose take a different approach to investment with non-UK banks to UK banks. This reflects the different risks and ownership structures that affect the security of the investment. The Council first uses credit rating information to select appropriate non-UK banks and then uses Arlingclose advice to make investment decisions. The Council uses credit rating of AA- for selecting investments with non-UK banks of up to 364 days but over 100 days and A- for investments of up to 100 days.
- 4.9 **Registered Social Landlord (RSL) Loans.** The Council can lend to RSLs in the pursuit of treasury management objectives but must treat loans made for policy reasons as capital expenditure. The option to lend for Treasury purposes has been on the Council's counter party list for several years but there has not been a suitable opportunity.
- 4.10 **Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds.** These are all different investment products but have the highest levels of credit rating. They are either backed by a pool of guaranteed bank assets or UK and/or foreign Governments. The Council takes advice from Arlingclose before undertaking any of these investments, so an investigation of the individual strength of each investment has been determined. They are rarely used by the Council.
- 4.11 **Multi-Asset, Bond and Property Funds.** These potentially offer the Council income and capital growth of the sum invested. There are several types of fund including property funds, bond funds, equity funds and mixed asset funds. Funds seek to reduce risk by building a pool of investments and as such are considerably safer than an investment of comparable size in a specific single asset. However, any fund exposes the Council to market price volatility. Officers will carefully consider any investment opportunities and always keep any ownership under review. A review of the risks and benefits of using Funds was made in the summer of 2019 and which concluded that Multi-asset, Bond and Property funds provide a suitable method to invest Council funds. At the time of drafting this report the Council has an investment of over £6.5m in the CCLA property fund and the Director of Finance is considering making investments in Multi-Asset and Bond funds, this decision is pending determination of the funding needs of the Council for its future capital programme. No additional Council funds will be placed with the CCLA property fund.
- 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. There has been insufficient evidence to demonstrate during 2019/20 that investments would be appropriately secure. However, it is recommended that the

Treasury Management Sub-committee reviews any new evidence on these challenger banks and if satisfied that they provide sufficient Security, Liquidity and Return, that up to £3m could be invested by the Council.

4.13 Durations allowed for each investment type are set out below in paragraph 4.15 and reflect a judgement on the level of risk and the need to keep investment size large enough to make it attractive to a counterparty.

4.14 **Appendix 2** contains the Treasury indicators which set key measures to limit and report exposure on security, liquidity and yield.

4.15 **Counterparty – Duration and Monetary Limits**

The Council is required by law to identify the proposed investment criteria under the categories Specified and Non-Specified, as shown below:

Specified Investments				
-investments of duration less than 365 days and denominated in sterling. -investments made to UK Government, UK local authorities or institutions of high credit quality. - high credit quality defined as a minimum A- by Fitch or the equivalent score of the other main rating bodies.				
Specified Counterparty	Minimum Credit Criteria	Max. Limit £m	Max. maturity period	Change from Prev. approach
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5-day notice	None
Money Market Funds (per fund)	AAA	£6m each fund	Instant Access	None
Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts	UK Government	No Limit	364 days	None
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	364 days	Limit reduced to £10m each
UK Banks	A-	£3m for each group	364 days	None
Building Societies	A-	£3m for each group	364 days	None
Non-UK Banks	AA-	£3m each group	364 days	None
Non-UK Banks	A-	£3m each group	100 days	None

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

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	Reduced limit to £10m
Challenger Banks e.g. Aldermore, Metro etc	Unrated	Delegate to Treasury Mgt committee authority to determine criteria to invest up to £3m		

The £8m limit placed on the CCLA property fund only reflects headroom for capital growth for the original sum invested. No additional investments over the original sum invested will be made in the property fund.

5. Borrowing Strategy

5.1 The Council has a need to fund its capital plans from borrowing. This section of the report sets out the Council's approach to borrowing externally should it become necessary for reasons such as additions to the authorised capital programme, for short term liquidity purposes or it simply becomes the most effective method of funding.

5.2 The Council has enough cash to fund its expenditure needs. This cash is not capital resource so though expenditure can be met from it, the Council in its accounts needs to reflect capital expenditure is being financed from internal borrowing of non-capital cash. The cash internally borrowed would have been invested at around 1% (best case in funds is 3%), given that rate of interest on external borrowing would be above 1% and long-term interest rates are not expected to rise for a number of years, it is more cost effective to run down investments. This achieves benefit for the taxpayer by investing low yielding cash into capital expenditure. However, the Director of Finance will monitor external rates of borrowing and the sustainability of using internal borrowing to determine if it becomes more beneficial to externalise the debt.

The authorised and operational borrowing limits for external debt determine the amount the Director of Finance can externally borrow, they are contained in **Appendix 2**. The Authorised (maximum borrowing limit) will be set to reflect the maximum overall need to fund capital expenditure set out in the Capital Strategy but in practice the plan is to use internal borrowing.

5.3 When the Authority needs to borrow it will seek to strike a balance between minimising interest costs and securing certainty of borrowing costs. Examples of where the Council can seek to borrow funds from are:

- Public Works Loan Board (PWLB)
- Other UK Local Authorities
- Any institution which meets the Council's investment criteria
- UK public or private sector pension funds (Excluding the Essex Local Authority Pension Fund)

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

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

- Sale and leaseback arrangements
- Hire purchase arrangements

6. Role of the Treasury management sub-committee

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

Treasury Management Performance Indicators

At 30/11/2019

Security

	Month ending	Projection year ending	Target for year
	30/11/2019	31/03/2020	2019/20
Require -Only to invest with approved counterparties	No breach	No breach	No breach
Require- Only to invest up to approved limits	One breach	One breach	No breach
Target Bail in exposure to not exceed portfolio*	43.50%	50.00%	50.00%

* The method for this calculation was changed in the Mid Year Treasury report to Council

Target for year	Target for year	Target for year
2020/21	2021/22	2022/23
No breach	No breach	No breach
No breach	No breach	No breach
50.00%	50.00%	50.00%

Liquidity

	Month ending	Projection year ending	Target for year
	30/11/2019	31/03/2019	2019/20
Target - To have minimum amount maturing in 100 days or less	£ 40,180,000	£ 30,000,000	£ 10,000,000
Require - Investments maturing in more than 365 days not to exceed target	£ -	£ -	£ 18,000,000

Target for year	Target for year	Target for year
2020/21	2021/22	2022/23
£ 8,000,000	£ 8,000,000	£ 8,000,000
£ 10,000,000	£ 10,000,000	£ 10,000,000

	Actual Borrowing Month ending	Borrowing projection year ending	Target for year
	30/11/2019	31/03/2019	2019/20
Requirement -Authorised Limit of Borrowing not to exceed	£ Nil	£ Nil	£ 45,000,000
Target - Operational Boundary of Borrowing (excluding finance leases)	£ Nil	£ Nil	£ 25,000,000

Target for year	Target for year	Target for year
2020/21	2021/22	2022/23
£ 45,000,000	£ 45,000,000	£ 45,000,000
£ 25,000,000	£ 25,000,000	£ 25,000,000

Yield

	Month ending	Projection year ending
	30/11/2019	31/03/2019
Average yield on liquid portfolio	0.72%	0.72%
3 month Libid benchmark	0.63%	0.63%
Average yield on strategic portfolio	4.14%	4.14%
Average yield on total portfolio	1.20%	1.20%
1 year Libid benchmark	0.85%	0.85%

Projected benchmarks	Projected benchmarks	Projected benchmarks
2020/21	2021/22	2022/23
0.75%	0.75%	0.75%
0.85%	0.85%	0.85%

APPENDIX 2

CABINET
28th January 2020
AGENDA ITEM 8.2

Subject	CAPITAL AND INVESTMENT STRATEGY 2020/21
Report by	CABINET MEMBER FOR A FAIRER CHELMSFORD

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

Purpose

To provide 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 the associated risks are managed and the implications for the future financial sustainability of the Council.

Options

- | | |
|----|---|
| 1. | Approve the strategy report |
| 2. | To amend the strategy to reflect any changes to the Council's Capital & Revenue Budgets |

Recommendation(s)

That Cabinet recommends the Capital & Investment Strategy 2020/21 to Council for approval

Corporate Implications

Legal:	The Government and CIPFA codes which are backed by legislation require that a report is made to Members formally on investment activity. This report fulfils that obligation.
Financial:	This report links the approach to Revenue, Capital and Treasury Investment
Personnel:	None

Potential impact on climate change and the environment	None
Contribution toward achieving a net zero carbon position by 2030	None
Risk Management:	This report identifies the mitigations to the risks of undertaking any capital & investment activity
Equalities and Diversity: (For new or revised policies or procedures has an equalities impact assessment been carried out? Y/N)	None
Health and Safety:	None
IT:	None
Other:	None

Consultees	None
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<p>Policies and Strategies</p> <ul style="list-style-type: none"> • Accounting Policies (e.g. capitalisation of expenditure) • Treasury Management Strategy Report to Council • Investment Strategy • Capital Programme Report to Council • Medium Term Financial Strategy • Asset management plan

1. Background

- 1.1 This Capital Strategy and Investment Strategy were new statutory requirements introduced for 2019/20. They give 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 the associated risks are managed and the implications for the future financial sustainability of the Council. The Capital and Investment Strategy links Revenue, Capital and Treasury Management.
- 1.2 It is expected by both CIPFA and Government that Council will from their initial strategies evolve over the coming years a more prudent and sustainable approach to Council investment.
- 1.3 Councils are allowed to combine Capital Strategy and Investment Strategy. This is the approach taken at Chelmsford and is contained in **Appendix 1**.

List of Appendices

Appendix 1 – CAPITAL AND INVESTMENT STRATEGY 2020/21

Background Papers

Nil.

Capital & Investment Strategy 2020/21

Introduction

This Capital Strategy and Investment Strategy are statutory requirements for 2020/21 which have been combined in this single report. They give 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 the associated risks are managed and the implications for the future financial sustainability of the Council.

There are a number of supporting documents to this Capital and Investment Strategy, including:

- Accounting Policies (e.g. capitalisation of expenditure)
- Treasury Management Strategy Report to Council
- Budget report 2020/21
- Medium Term Financial Strategy
- Asset Management plan

The document ensures compliance with the requirements of the CIPFA Prudential Code and Ministry of Housing, Communities and Local Government (MHCLG) guidance on local authority investment. The CIPFA code and MHCLG guidance recognise that organisations may make investments for reasons outside of treasury management objectives and these investments may prioritise other objectives above the security of capital. Councils are required in a Capital & Investment Strategy to state the objectives of the different types of investment and identify the management of risks associated to them.

Investment by Capital Expenditure

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

Capital Expenditure will be used to support the delivery of the Our Chelmsford, Our Plan.

Local authorities are required in the Capital Strategy to categorise their planned expenditure as below

1. Capital Investment in Council Services - Capital Schemes and Replacement Programme

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

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

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

In determining the viability of bids capital bids, must include:

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

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

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

2. Loans and Investments for Service Purposes

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 loans to subsidiary companies that provide services. In light of the public service objective, Councils can take moderate risk with the principal invested but still plan for such investments to return the sum invested.

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

Category of borrower	31.3.2019 actual			2020/21
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Chelmsford City Football Club	£0.145m	£0.122m	£0.023m	£0.145m
BID Company	£0.045m	Nil	£0.045m	£0.045m
Maximum New loans if required.	Nil	Nil	Nil	£10.000m
TOTAL LIMIT	£0.190m	£0.122m	£0.068m	£10.190m

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

Before entering and whilst holding loans or shares, the Council will monitor the financial position of the recipient through the use of (but not limited to) financial reporting tools, Credit ratings where appropriate, published financial information (such as annual accounts), press articles and by maintaining an open dialogue.

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

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

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

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

3. Commercial Activities

The Medium Term Financial Strategy recognises the need to acquire assets that produce revenue streams. As financial return is the main objective, the Council accepts higher risk on commercial investment than with other capital projects or treasury investments. The types of investment are for yield rather than service objective e.g. property purchases and developing Council land. This type of investment may also involve making loans to subsidiaries or partners, but the aim is achieving profit.

The Council's commercial property investments are summarised below.

	31.3.2019 actual				31.3.2020 expected			
	Acquisitions in Year	Disposals in year	Gains or (losses)	Value in accounts	Property Type	Disposals in year	Gains or (losses)	Value in accounts
Office	£8.76m		£0.18m	£17.13m	£3.60m		Nil	£20.73m
Other		-£0.38m	-£0.16m	£8.55m		-£0.90m	Nil	£7.65m
Retail			-£2.15m	£53.56m		-£3.10m	Nil	£50.46m
TOTAL	£8.76m	-£0.38m	-£2.13m	£79.24m	£3.60m	-£4.00m	Nil	£78.84m

The Council does purchase commercial property for the partial or sole aim of generating profit. These commercial investments are as a matter of Council policy to be within the Council's geographic borders. The principal risk of such investments includes:

- Investments funded from borrowing expose the Council to risk that the income generation from schemes is less than the cost of repaying the borrowing.
- Such investments must be proportional and do not concentrate risk in one particular sector or activity.
- Capital appreciation may not occur, and the value of the investment could fall in real terms.

Governance: The purchase of commercial property usually requires the Council to act rapidly therefore decisions on commercial property investments are likely to be made by the Chief Executive or Director of Finance after consultation with the Leader. All decisions will have to be within standard financial rules such as an appropriate budget being available.

These types of capital investment need rigorous risk and performance management. New Investments must under-go appropriate due-diligence including independent valuations, financial evaluations and consideration of spread of risk over different sectors/asset classes.

The Council will monitor the value of its investment property and any impact on the security of the income. During 2020/21, a formal process for the scrutiny of commercial & investment property will be developed and taken through appropriate approval channels.

In order that commercial investments remain proportionate to the size of the authority, these are subject to overall maximum investment limits which are detailed in the section Proportionality & Revenue Budget Implications. Should returns not meet planned requirements then processes will be the same as that for dealing with other budget variations which may include the short-term use of reserves to support service expenditure.

Compared to other forms of investment, and depending on the prevailing market conditions, investment in property can take time to sell. Therefore, the Council undertakes these investments on the basis that they are medium to long term investments, whilst ensuring that its Treasury Management procedures enable sufficient funds to be available at short notice through more liquid investments or via short term borrowing, to manage essential cash flow requirements.

Funding the Costs of Capital Expenditure

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

Methods of Capital Financing

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

- Sales of Assets (Capital Receipts): Any disposal of property or equipment over £10,000 in value is a capital receipt. These can only be spent on other capital items.
- Leasing: This is where we can use an asset in exchange for making a series of revenue payments over several years. From 2020/21 all leasing will be counted as a debt. However, leasing differs to traditional debt as often the leasing company can retain legal ownership of the asset and is able to obtain capital allowances to reduce the cost to the Council.
- Borrowing (excluding leasing):
 - The Council can borrow externally from other local authorities, the Government or the private sector.
 - Borrowing can also be carried out internally, where cash balances are "borrowed" to fund capital expenditure.

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

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

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

Cost of the Capital Programme

In 2020/21 budget, the Council is planning capital expenditure as summarised below:

	2018/19 Actual	2019/20 Forecast	2020/21 Budget	2021/22 Budget	2022/23 Budget
Replacement Programme	£2.732m	£3.353m	£4.879m	£4.161m	£1.491m
Capital Projects	£35.713m	£18.377m	£11.843m	£0.270m	£0.000m
Loans and Investments for Service Purposes					
Commercial Activities	£9.435m	£3.930m	£0.900m		
Unapproved potential new capital projects		£0.819m	£13.840m	£21.954m	£8.214m
Unapproved potential new commercial activities			£10.000m	£1.220m	£0.500m
TOTAL	£47.880m	£26.479m	£41.462m	£27.605m	£10.205m

Details of the programme can be found in the Budget Report 2020/21 section 4 table 5 and section 10, elsewhere on this agenda. The projected programme above includes provisions for Commercial Activities and unapproved new commercial activities and include; construction of Galleywood Hall Industrial units, the purchase of an office site, High Chelmer Roof Repairs, refurbishments of commercially leased properties and the potential purchase of commercial property up to £10m in value.

Financing of the programme is currently planned as

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Capital Receipts	£27.572m	£5.792m	£6.250m	£7.693m	£1.200m
Grants and Contributions	£16.049m	£5.325m	£3.588m	£14.879m	£0.200m
Revenue Contributions	£4.259m	£6.189m	£4.824m	£3.892m	£2.908m
Internal Borrowing		£8.974m	£26.520m	£0.000m	£5.824m
Finance Leases		£0.199m	£0.280m	£1.141m	£0.073m
TOTAL	£47.880m	£26.479m	£41.462m	£27.605m	£10.205m

Treasury Management Investment

The Council has cash to invest arising from its revenue activities, capital balances (including Community Infrastructure Levy) and the collection of Council Tax and NDR. This cash can be usefully

invested to produce a return to help support services. The activities around the management of this cash are known as Treasury Management. Treasury activity of the Council will achieve in order of priority: security of capital, liquidity and return. An appropriate balance of all three will be sought and that balance is determined by the Council in its Treasury Strategy. The priority will be to always have sufficient cash or borrowing facilities in place to enable Council activities to continue.

The nature of capital schemes is that they represent large cash investments, and it follows that there is strong inter-relationship between capital planning and treasury management.

Given that many Local Authorities fund some capital expenditure through borrowing, Treasury Management is also concerned with the management of short and long-term debt.

Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

CIPFA recommends that an organisations adopt the following treasury management policy statement to define the policies and objectives of its treasury management activities:

1 This organisation defines its treasury management activities as: The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2 This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3 This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

For treasury investments the Council is required to prioritise security and liquidity over yield. That is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities, short term highly secure pooled investments or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer (core cash) could perhaps be invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation, as determined in the Council’s Treasury Management Strategy.

Estimates of Cash Balances held in investments in £millions

Year End	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Near-term investments	£42m	£35m	£8m	£11m	£2m
Longer-term investments	£7m	£7m	£7m	£7m	£7m
TOTAL	£49m	£42m	£15m	£18m	£9m
Average Balance for Year	£77m	£58m	£35m	£24m	£22m

Borrowing strategy

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

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

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Leasing (Debt)	£0.000m	£0.159m	£1.093m	£1.543m	£1.110m
External Borrowing	£0.000m	£0.000m	£0.000m	£0.000m	£0.000m
Total "External Borrowings"	£0.000m	£0.159m	£1.093m	£1.543m	£1.110m
Total Capital Financing Requirement (CFR)	£0.000m	£9.133m	£36.507m	£35.124m	£40.504m
Internal Borrowing (makes up the difference between CFR and external borrowings)	£0.000m	£8.974m	£35.414m	£33.581m	£39.394m

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

The Council is required to approve a policy for repaying debt (MRP) policy which is in italics below:

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

Planned repayments of debt are from

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
MRP	Nil	Nil	£0.080m	£0.356m	£0.367m
Finance Leasing MRP	Nil	£0.040m	£0.463m	£0.691m	£0.506m
Capital Receipts	Nil	Nil	Nil	Nil	Nil

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

Authorised limit and operational boundary for external debt in £m

	2019/20 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit - external borrowing	£10m	£35m	£35m	£35m
Authorised limit - leases	£10m	£10m	£10m	£10m
Authorised limit - total external debt	£20m	£45m	£45m	£45m
Operational boundary - external borrowing	Nil	£25m	£25m	£25m
Operational boundary - leases	£0.16m	£1.09m	£1.54m	£1.10m
Operational boundary - total external debt	£0.00m	£25.16m	£26.09m	£26.54m

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

Sustainability - Capital Funding

The Council has for over 10 years made annual revenue contributions to the Asset Replacement Reserve (ARR) which in turn are used to fund capital expenditure. The objective is that over the long term the annual contribution from revenue will become sufficient to fund the annual capital replacement programme. The annual spend on the replacement programme differs each year but currently the target is some £2.5m per annum of revenue contributions that are needed. Whenever

it has proved affordable the revenue contribution has been increased to move towards the goal of £2.5m per annum.

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 budgets reports to Council and Medium Term Financial Forecast. This mechanism does provide Members with assurance of the affordability and sustainability of the capital expenditure plans.

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Asset sales	£0.687m	£4.700m	£6.000m	£9.000m	£1.000m

The material disposals include Threadneedle House, Lockside parcels of land and Riverside old pool site.

The Council’s capital programme funding approach is sustainable as demonstrated by the prudential indicators, this Capital and Investment Strategy and the Medium Term Financial Forecast (contained in the budget report)

Sustainability - Management of Capital Assets

A summary of assets and valuations is contained in the Council’s annual statement of accounts. This breaks down the assets into Operational and Non-operational asset types. The valuation of the investment assets is undertaken annually and is based on maximum realisable market value, however, the true value of an asset can only be obtained on its disposal. The operational assets are either valued at Historic Cost, Existing Use or Depreciated Replacement Cost, these types of valuations are not useful in determining locked in potential or true market value. Therefore, the Council’s property team undertakes a programme of work reviewing key assets. The programme of work is determined by analytical review and will be fluid, reflecting economic and political environment the Council operates within.

Effective asset management will ensure that all Council property is used to effectively deliver the Corporate objectives. This will include examining costs and opportunities of holding each property. During 2020/21, a formal process for the scrutiny of commercial & investment property will developed and taken through appropriate approval channels.

Proportionality & Revenue Budget Implications

The Government now requires Councils to publish quantitative indicators that allow an assessment of total risk exposure arising from past, current and future capital investment decisions. Below are the gross investments held by the authority:

Total investment exposure	31.03.2019 Actual	31.03.2020 Forecast	31.03.2021 Forecast
Treasury management Core investments	£42m	£35m	£8m
Treasury Management Cash Short term Investments	£7m	£7m	£7m
Service investments: Loans	£0.068m	£0.210m	£0.190m
Service investments: Shares	Nil	Nil	Nil
Commercial investments: Property	£79.240m	£78.840m	£88.840m
Commitments to lend	Nil	Nil	Nil
Guarantees issued on loans	Nil	Nil	Nil
TOTAL EXPOSURE	£128.308m	£121.050m	£104.030m

Investments funded from borrowing are more risky 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	31.03.2019 Actual	31.03.2020 Forecast	31.03.2021 Forecast	31.03.2022 Forecast
Service investments: Loans	Nil	Nil	Nil	Nil
Commercial investments: Property	Nil	£0.900m	£11.508m	£11.370m
TOTAL FUNDED BY BORROWING	Nil	£0.900m	£11.508m	Nil

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

Estimates	2019/20 estimate	2020/21 estimate	2021/22 estimate	2022/23 estimate
Income from Treasury Management as Percentage of Net Revenue Income	1.54%	1.10%	0.90%	0.84%
Total Borrowing Undertaken to Fund Investment Properties	£0.000m	£0.900m	£11.508m	£11.370m
Total Borrowing (All types) as percentage of All Assets	3.3%	12.0%	12.0%	13.7%
Financing Costs as Percentage of Total net revenue stream	0.00%	0.19%	0.83%	0.86%
Commercial Income as percentage of Net Service Expenditure	12.02%	12.55%	13.02%	12.76%

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

Limits	2019/20 Limit	2020/21 Limit	2021/22 Limits	2022/23 Limits
Commercial Income as percentage of Net Service Expenditure	16.60%	16.85%	16.63%	16.28%
Financing Costs as Percentage of Total net revenue stream	1.02%	1.21%	1.85%	1.88%

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. The projected income for 2020/21 for Commercial Income is £5.6m and £0.5m from Treasury Investments.

Investments net rate of return	2018/19 Actual %	2019/20 Forecast %	2020/21 Forecast
Treasury management investments	1.20%	1.20%	1.20%
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	5.76%	6.53%	6.19%
WEIGHTED AVERAGE ALL INVESTMENTS	4.01%	4.68%	5.47%

Knowledge and Skills to Support Decision Making

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

Due Diligence

A commonality of all types of investment will be the need to recognise where the Council is lacking detailed market knowledge and then external advisors will be employed. The Council uses Arlingclose as Treasury Management Advisors and external property valuers are engaged when undertaking material purchases.

CABINET
28th January 2020

AGENDA ITEM 8.3

Subject	BUDGET REPORT 2020/21
Report by	CABINET MEMBER FOR A FAIRER CHELMSFORD

Enquiries contact: Phil Reeves 01245 606562
e-mail: phil.reeves@chelmsford.gov.uk

Purpose

The primary purpose is to make recommendations to Council for 2020/21 Revenue and Capital Budgets and the level of 2020/21 Council Tax for the City.

Options

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

Recommendation(s)

- 1 that Cabinet recommends to Council the contents of **Appendix 1** the budget report being:
 - i. The new Capital and Revenue investments in Council Services shown in **Section 4**
 - ii. The Revenue Budgets in **Section 9** and Capital Budgets in **Section 10**
 - iii. The delegations to undertake capital schemes identified in **Section 4, Table 5**
 - iv. An increase to the average level of Council Tax for the City Council increasing the Average annual Band D Council Tax to £199.00 **Section 8**
 - v. The fees & charges changes outside the budget guidelines as set out in **Section 3**
 - vi. The movement in reserves shown in **Section 6**
 - vii. That the Council note the Budget forecast in **Section 6** and the report of the Director of Finance on the risks and robustness of the budget in **Section 7**
 - viii. Special expenses, Parish and Town Councils precepts as identified in **Section 8, Table 11.**
 - ix. Delegation to the Chief Executive to agree after consultation with the Leader of the Council the pay award for 2020/21 within the normal financial delegations.
- 2 That Cabinet approve
 - i. A delegation to the Director of Finance to prepare a budget report and legal resolution for submission to Council for consideration, including updating the Business Rate Retention Income following completion of NDR1 statutory return to Government.
 - ii. That should the final Government grant settlement details change following the Cabinet meeting then the Director of Finance is authorised, after consultation with the Cabinet Member for a Fairer Chelmsford, to use Reserves to maintain the Council Tax recommendation in this report

- iii. Approve additional capital budget of £56k for the replacement of a tractor, which for operational reasons will need to be delivered in April 2020 (**Section 10**), so requires approval before February Council.

Corporate Implications

Legal:	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:	Identifies the process for determining a pay award for 2020/21
Risk Management:	A review of the risks is identified
Equalities and Diversity: (For new or revised policies or procedures has an equalities impact assessment been carried out? Y/N)	Y
Health and Safety:	N/A
IT:	Provides funding for Digital Services and service transformation through technological change
Other:	

Consultees

All services within the Council and representatives from the local business community and voluntary sector.

Policies and Strategies

The report takes into account all policies and strategies 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 2020/21. 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 and support the aims of Our Chelmsford, Our Plan. The budget reflects the need to find budget reductions to offset low government funding and to invest in the priorities of the authority. Key elements of the budget proposals are:

- New Capital and Revenue Service Investment as shown **Section 4**.
 - New Revenue ongoing investment of £253k and £240k one off in 2020/21.
 - New capital investment in 2020/21 of £24.3m, some £60m over the period 2020-2024. This is predominantly targeted to achieve affordable Housing

development (£17m). There is £4.5m for Green initiatives including tree planting.

- Council Tax proposal. The Government rules do allow Chelmsford to raise Council tax up to £5.00 without triggering a local referendum. However, it is proposed to increase the City Council's Council Tax by 2.6% or just under 10 pence per week (£4.98 per year), in 2020/21 similar to the level of increase in previous years, enabling the Council to take the first significant steps towards addressing the climate and housing crises while maintaining existing service levels, despite increases in the Council's costs, continued uncertainty of Government funding and the importance of ensuring a sustainable financial position.
- A review of reserves to ensure that they are sufficiently robust to sustain the Council in the Medium Term, as set out in **Section 6**.
- The report identifies precepts for other bodies and special expenses and their effect on the overall Council Tax levels in **Section 8 of Appendix 1**. However, the precepts from Essex Police and Fire and the County Council will not be agreed until after Cabinet.

2.2 Government Funding

The report has been produced based on the Government's provisional funding settlement which is a one year only agreement, there is no further clarity over future Government funding at this time. The key points for 2020/21:

- The 2020/21 settlement does include funding to prevent losses from Negative RSG (Revenue Support Grant) for those Council's affected, including Chelmsford. Negative RSG is where a Council's RSG had been removed completely by the Government then a further funding cut was due to be made by reducing Business Rate Baseline income. In Chelmsford's case this was to be a £1m per year loss and was due to be implemented in 2019/20 but was deferred. Government funding for 2020/21 is broadly unchanged compared to 2019/20.
- Business Rate Retention income is forecast to remain buoyant for 2020/21 but the income is in effect one-off and volatile. It does not therefore provide a good basis for funding ongoing services on a sustainable basis.
- New Homes Bonus allocation for the year 2020/21 of £1.3m is for one year only and therefore has been to used fund one-off initiatives. The total New Homes Bonus funding is £4.4m

If the final 2020/21 funding allocation differs to that contained in this report, then the Director of Finance will provide revised information to Cabinet at the meeting. If minor revisions to grant occur after the Cabinet meeting then it is proposed that the Director of Finance, after consultation with the Cabinet Member for a Fairer Chelmsford, should be given delegated authority to amend the proposal on the use of reserves in the report to Council.

2.3 Financial Challenges

The report identifies an estimated budget shortfall for 2021/22 of £1.1m and a further £1.5m by 2024/25, however these estimates will change over time as events and income become more certain. Details can be found in **Section 6 of Appendix 1**.

2.4 Risks and a Robust Budget in Section 7

An analysis of the major risks contained within the budget, and an opinion on the robustness of the estimates and the adequacy of reserves is made by the Director of Financial Services in **Section 7**, in line with statutory requirements. The Director identifies the key considerations that have been taken into account in arriving at the opinion, which Members are required to consider when setting the Council's budget.

List of Appendices

Appendix 1 – Budget Report 2020/21

Background Paper

Nil



Budget report 2020/21

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Section 1 Introduction to the Council 2020/21 Budget

This report contains the background to the revenue & capital budget for 2020/21. The report is broken into sections to reflect the material matters relevant to the revenue and capital budget setting process for 2020/21.

The Council, in common with all other Local Authorities, has faced significant revenue budget pressures for a number of years but Chelmsford City Council has a strong financial management and planning system in place to meet the challenges ahead; **Section 2** identifies the issues around Government funding and **Section 3** identifies the cost pressures the Council continues to face.

Even within the financial constraints, there is a need to adapt and improve service provision to deliver Our Chelmsford, Our Plan. **Section 4** identifies the new investments in services that are funded by revenue and capital resources in 2020/21 budget.

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

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

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

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

Section 2 Government Funding (estimated)

The Council's main Government revenue streams are often referred to as Formula grant or Settlement Funding Assessment. The Council has been provided with a provisional settlement for 2020/21, which is not likely to be finalised until February 2020.

If the final 2020/21 funding allocation differs to that contained in this report, then the Director of Finance will provide revised information to Cabinet at the meeting. If revisions to the funding occur after the Cabinet meeting then it is proposed that the Director of Finance, after consultation with the Cabinet Member for a Fairer Chelmsford, should be given delegated authority to amend the proposal on the use of reserves in the report to Council whilst leaving unchanged the service budget and the Council Tax proposals.

Table 1 below shows a comparison of 2019/20 Government funding to the provisional settlement for 2020/21. The 2020/21 settlement is for a one-year period only, so there remains uncertainty regarding the Government's long-term funding intentions. **Section 6** contains information on the possible changes after 2020/21.

Table 1

Funding Streams	2019/20 £ms	2020/21 (provisional) £ms	2020/21 (Final) £ms
1) Revenue Support Grant	0	0	Intentionally blank
2) Baseline business rate retention	3.35	3.4	
3) One off Levy Adjustment	0.05	0	
4) Sec 31 Grants	0.11	0.23	
TOTAL	3.51	3.63	

- Revenue Support Grant (RSG)- a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of RSG given to each authority is determined by a needs assessment which includes estimates of local resources such as council tax, population and other local data. The needs assessment also provides an amount of baseline business rate funding to be retained by an authority. The Council lost all its remaining RSG in 2018/19, however some authorities still receive RSG as a result of the needs assessment.
- Business Rates –the City Council retains only a small share (around 4%) of the Business rates collected locally, a Government formula is used to determine the amount the local authority can keep. This baseline funding position is calculated on our historic business rates collection, adjusted by a 'tariff' payment. A local authority must pay a tariff if its individual authority business rates share is greater than its assessed baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rate share. The City Council must pay a tariff of £27.5m and is able to retain Baseline Funding of £3.40m in 2020/21 of the Business Rates it collects.
- The complexity of the Business Retention scheme has led to grants being paid to local authorities for Government initiatives such as not increasing business rates in line with inflation. These grants are 'Sec 31 Grant' which provide a total of £226k for 2020/21.

Retained Business Rate Growth (Above Baseline Funding)

The Government scheme is materially unchanged from 2019/20, so in summary:

- i. Should Business Rate income be higher than assumed by Government then the authority is able to retain a share of this 'gain' (it pays the Government a levy on the gain) or if the income from Business rates is lower than assumed then the Council pays a share of the loss. The scheme runs over multiple years, so gains or losses may materialise up to two years after they have occurred.
- ii. Under the business rate retention scheme local authorities can come together on a voluntary basis to pool their business rates receipts and then agree collectively how these will be distributed between pool members. Pooling provides the opportunity to keep a greater share of business rates growth which otherwise would be paid to Government as a 'Levy'. However, the protection each authority receives is less in the event of losses, so in the event of the pool having an overall reduction in Business Rate Income against the Baseline set by Government, an authority could share a higher burden than that they would have outside a pool. Cabinet approved for Chelmsford to remain in a Business Rate Pool in 2020/21. The income from the pool is difficult to project as it relies upon the approach taken by other authorities as well as Chelmsford. The budget assumes the projected gains (£0.9m) from the pool which is part of a transfer into the Business Rate Reserve and are not available to fund expenditure in 2020/21, given the risks to delivery.
- iii. The Council's budget reflects £200k of Business Rate Retention being used to support annual service expenditure which is broadly the same as 2019/20. While additional Retention income is expected in 2020/21 much of this cannot be considered as ongoing beyond 2020/21. The budget in this report includes some £2.26m of Business Rate Retention income above the £3.4m baseline; this has been calculated in line with statutory methods. However, of this additional income some £2.06m of gains are not considered to be sufficiently likely to support revenue expenditure and so are transferred into the Business Rate Retention Scheme reserve in the short term until they can be confirmed in 2020/21.
- iv. The Council is required to finalise its business rate retention income estimate in late January, after Cabinet and therefore the Director of Finance will provide Council with any appropriate amendments which result.

New Homes Bonus (NHB)

This is a grant paid by central government to local authorities. It rewards 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. This trend continues with the 2020/21 allocation (estimated) being payable for one year only, where previous year allocations up to 2020/21 have been payable for 4 years. The expected funding for new homes bonus is shown in **Table 2** below/over page:

Table 2

	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s
2015/16	225				
2016/17	715	715			
2017/18	1,082	1,082	1,082		
2018/19	1,134	1,134	1,134	1,134	
2019/20		884	884	884	884
2020/21			1,326		
2021/22					
2022/23					
	3,156	3,815	4,426	2,018	884

It has been assumed in the financial planning that the sums payable for the year before 2020/21 will continue for their four-year allocation and will be contributed to the Chelmsford Development Reserve which is assumed to be used to fund the capital programme. The 2020/21 allocation is being used to support one off expenditure and the establishment of reserves, as set out in **Section 6**.

Flexible Homelessness Grant

The Council has invested significantly in its Housing Service in order to meet the demands of new legalisation (Homeless Reduction Act) and to improve the outcomes from the service for its users. A flexible homelessness support grant introduced in April 2017 replaced the Department for Work and Pensions' temporary accommodation management fee. In 2019/20 the grant was £653k (£407k initially allocated in 2017/18), the Government has confirmed £653k of grant will be paid in 2020/21 which supports existing service levels. The future of the grant beyond 2020/21 is not clear.

Homeless Reduction Act -Prevention pot 2020/21

The Government has allocated additional funding of £117k for 2020/21, this is effectively new money and will be used to support the Housing Strategy. An expenditure budget to use this funding is included in the estimates.

Section 3

Cost Pressures, Income Assumptions & Efficiencies

Cost Pressures

Pension Costs – 3-year Actuarial Valuation

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

For the 3-year valuation period from 1st April 2020 to 31st March 2023;

- Pension Deficiency. It is more cost effective to fund the 3-year pension deficiency cost with an up-front payment as a discount is offered compared to paying by annual instalments. The Council has previously chosen an upfront payment and has, since the last valuation, been making annual contributions to the Pension Deficiency Reserve to fund the next upfront payment due 2020/21. The pension fund performance has been better than expected and the cost of the 3-year payment since the last valuation has fallen from £4.1m to £2.7m. This means the annual contribution the Council makes to the pension deficiency reserve can fall going forward.
- Employer funded oncost for current service has risen from 15.5% to 19.2% of employee pay. This is a significant increase resulting from the rise in the cost of acquiring assets to fund pensions. It has become more expensive to fund future pension payments.

The increase in the current service cost is significant and the Pension Deficiency Reserve is being used to defer the impact on the ongoing budget. The deferral reduces the amount of savings needed for 2020/21 by £350k. It is planned to increase the 2021/22 & 2022/23 budgets by £175k each year until the annual payment into the deficiency reserve reaches the required level.

Cost Inflation and Pay

The Council experiences cost inflation on the supplies and services it purchases. The budget only allows for increases on Pay, Business Rates and Energy. This means in real terms service budgets decrease in 2020/21. The real terms reduction is difficult to quantify as each service purchases different supplies and services and therefore experiences different inflation.

A proposed pay award of 2% (£634k) has been built into the budget. The Council is required to consult with Unison before implementing changes to staffing pay and conditions. Additionally, national pay bargaining may influence the outcome of local negotiations. Discussions with Unison are on-going but not yet concluded. So it is proposed that a delegation should be made to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2020/21.

Inflation and other changes in cost for Business Rates and Utilities are £136k and £146k respectively in 2020/21.

Housing Services

The homelessness service is a statutory function of the Council. The service is demand-led, affected by:

- Legislation. This includes extending local authorities' duties to a wider number and range of people affected by homelessness, requiring a greater number to be granted temporary accommodation.

- Welfare Reforms. Limiting the level of funding that can be provided to those on lower incomes to meet their housing costs, creating a growing shortfall that has to be met by the Council.
- Economic trends and social changes have created rising housing costs in London and the South East. This has been felt more in Chelmsford than neighbouring Council areas. The supply of Temporary Accommodation (TA) the Council can use is mostly sourced from the private sector and therefore subject to and reflective of these rising costs (including Housing Benefit subsidy loss where benefit is not fully met by Government).
- Lack of affordable housing in Chelmsford, particularly 3 & 4 bed properties.
- Reduction in accommodation supply from Registered Providers due to lower churn of social housing lets. Chelmsford seems to experience a greater problem of reduced churn compared to neighbouring authorities.
- Government policy prioritising new build affordable rented housing (80% of market rents) and shared ownership over social rent housing (50% of market rents).
- Uneven supply of newly built affordable housing across the calendar year and across years. This often results in increases in the use of temporary accommodation at significant cost to the Council and highlights the need to ensure an adequate supply of new social homes of appropriate size and rent levels.

The Council has restructured its Housing service and worked hard at implementing homeless prevention measures, however, due to a continuation of the above factors, the numbers of households in TA increased from April to September before declining to 253 at the end of November. The budget reflects a reduction of the numbers in TA to 188 by the end of 2020/21 but this is translated into £287k of additional costs (including associated housing benefit costs) compared to the 2019/20 budget. The overall spend is however expected to be £130k less than 2019/20 forecast outturn. **Section 4** identifies measures the Council will be undertaking to alleviate these issues, the impact of which will be built into the Council's budgets on completion of final business cases.

City Growth

The impact of the new housing development in the Council's geographic area will inevitably require that additional funding be made available to services. The 2020/21 budget provides additional funding (£165k) for recycling and waste collection services. The increase in financial and operational capacity is considered sufficient to maintain the high quality of Council services until 2023/24 when further additional funding is likely to be required.

One off costs

A number of one-off costs in 2020/21 have been identified that relate to consequences of initiatives that have previously been approved, these being:

- Use of suppliers to undertake rent reviews and lease renewals on buildings let by the Council at £47k
- Business rate costs of £75k, on Lockside properties that the Council has taken back from tenants to enable disposal of the site.
- Implementation of Technology One Finance system of £46k

As these costs are one off, it is proposed to fund them from the General Fund Balance.

Income Changes

Rental Income

The Council has a strategy for acquiring property/sites that enable economic improvements within the Council's geographic area and may also provide an income stream or future capital receipt to support the Council's objectives. Planned disposals of assets previously reported to Cabinet produced capital proceeds but result in a reduction of £126k in annual rental income. Additionally, the Council's largest non-operational asset by value and income, High Chelmer

shopping centre, is affected by the widely reported retail sector's economic malaise and income is expected to be £80k lower than last year's budget.

The Council received in January a report on the proposed acquisition of an office block which has been included in the estimates but given the purchase has not been finalised the additional income is transferred into the General Fund balance in 2020/21 and on completion any ongoing net income will be available to fund service expenditure.

The Capital Strategy elsewhere on the agenda identifies the income the Council receives in total from similar properties and gives a background to the extent that Council expenditure is supported by property income.

Fees and Charges Inflation

The Council's sales, fees and charges and other income generate nearly £30m per annum, significantly more than Council Tax and Government formula grant combined. The Council has discretion to increase annually most of these charges, however some are set by Government e.g. planning charges. Annual increases are necessary due to falling Government grant and cost pressures that the Council experiences. The Council set the rate of increase at an average of 2.0% for 2020/21 in the Medium-Term Financial Strategy Report. However, the budget also reflects:

- A new pricing strategy for Car Parking reported to January 2020 Cabinet
- Retail Market Rent income is proving to be detrimentally affected by the current economic conditions and the rents are frozen at 2019/20 levels which is intended to help maintain a vibrant retail market.

Hylands Festival

The Council has previously let Hylands Park to external providers for a music festival. The event for 2019/20 was cancelled late in the budget process and the Council used reserves to offset the loss in revenue budget. A music festival is expected to take place in 2020/21, so the budget includes provision for the income, but this festival will be of a smaller scale than the V festival previously, so the income assumption for 2020/21 is lower than the 2019/20 estimate. An adverse budget variance of £80k has been identified.

Efficiencies

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

Table 3a

Saving	Connected Chelmsford £000s	Council Wide £000s	Fairer Chelmsford £000s	Greener Chelmsford £000s	Safer Chelmsford £000s	Total 2020/21 £000s
Cost reduction	27	51.9	81.5	9	128	297.4
Income generation	128		2	80	55	265
Grand Total	155	51.9	83.5	89	183	562.4

Table 3b

Saving	Cumulative Total 2021/22 £000s	Cumulative Total 2022/23 £000s
Cost reduction	349.6	364.8
Income generation	332.4	398.0
Grand Total	682.0	762.8

Section 4 **2020/21 Service Investment**

The Council's budget is a financial plan to contribute to delivering Our Chelmsford, Our Plan. This section of the report identifies increases in 2020/21 budget to deliver new corporate initiatives. These investments in services are categorised according to how they are funded.

Revenue Funded Service Investments

There are two types:

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

The one-off service investments are being funded by New Homes Bonus which is for 2020/21 a one-year grant, rather than the traditional 4 year. The ongoing items are being built into the ongoing base budget and will be funded from ongoing income sources.

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

Capital Investments in Services

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

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

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

Approval of New Capital Schemes

Table 5 shows the new capital schemes. Within the scheme narrations in **Table 5** the approval process for capital expenditure is dealt with in three ways, firstly a number of schemes are fully approved for officers to undertake, a second category where Directors and Cabinet members will agree a more detailed business case before undertaking the scheme, a third category where the budget is first approved by Council then delegated to future Cabinet meetings to agree business cases.

The revenue budget forecast in **Section 6** includes the revenue costs of financing the schemes but the running costs or financial benefits of schemes are excluded pending development of a full business case.

As feasibility and business cases develop for the new capital schemes it may become apparent that some of the costs in the schemes are under accounting practice revenue items. The Director of Finance in consultation with the Cabinet Member for a Fairer Chelmsford is delegated to transfer these items into the revenue budget. They would be funded from Revenue Reserves such as the Chelmsford Development Reserve or Asset Replacement Reserve which are in any case earmarked to fund the capital programme, so there would be no detrimental impact on the revenue budgets.

TABLE 4 - REVENUE FUNDED - New Service Investment for 2020/21

Scheme	Cost 2020/21 £000s	Cost Ongoing £000s	Details
1 Chelmer Waterside Project Management	50	Nil	Chelmer Waterside Project Management. A temporary role will be created to oversee the various elements that interlink to bring forward infrastructure in Waterside (road/bridge, land decontamination, High Pressure Gas main relocation). An estimate of £50k a year for 3 years (part funded by Growth Fund Reserve from 2021/22 which has a balance of £85k)
2 Broadcast meeting room	5		To enable live streaming in some meetings
3 Affordable Housing market Assessment	50		To support the ongoing development of the Housing Strategy
4 Zero Carbon Homes report	50		To consider how zero carbon homes could be achieved for all new build properties.
5 Housing Incentive Scheme	50		This is a provisional sum, to enable a programme of property downsizing at RSLs. This is intended to free up 3&4 bed homes of which there are short supply.
6 Implementation of Digital Strategy	24	10	Website improvements (including search functionality)
7 Website Upgrade re-branding	5		
8 Property Service Staffing	28	28	This is an ongoing increase to capacity to enable development of the Council's own land and generally provide support to Chelmsford's City Council's geographical area. These roles will support the development of additional affordable Housing.
9 Homelessness Prevention Fund	25	25	Payments to landlords to avoid more costly evictions.
10 Implementation of Digital Strategy	156	156	Digitalisation of Council processes, including new multi-functional printers (reducing capital costs by £108k) and Dynamics software licences
11 Implementation of Digital Strategy	34	34	The move from PC to laptops and other mobile devices requires a change in licencing. This enables flexible working and increases service resilience
12 Chapel Refurbishment	16		To ensure an acceptable level of service, redecoration of the Chapel is required
Total	493	253	One off costs funded from New Homes Bonus and Ongoing Costs are funded from ongoing income

Table 5

CAPITAL PROGRAMME - New Schemes Identified for Approval

Details	2019/20	2020/21	2021/22	2022/23	2023/24	Later Years	Total Spend
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
New Schemes							
1 Theatres' Toilets Phase I			155				155
2 High Chelmer Roof			500	500	500		1,500
3 Hylands' House Banqueting Room Refurbishment		24					24
4 Hyland's House Stable Block Toilets				44			44
5 Travel Plan Pool Cars		60					60
6 Equipped Play Areas		265	311				576
7 Galleywood Common Access Road Improvements		30					30
8 Saltcoats Park and Compass Gardens Car Park Resurfacing Works			253				253
9 Beaulieu Park Pavilion Refurbishment			57				57
10 Chancellor Park Pavilion Works			46				46
11 Dovedale Refurbishment Grant		42					42
<u>Schemes where Delegation Required for Cabinet/Officers to Spend Once Business Cases Received</u>							
12 Civic Offices Improvement Programme		244	116	100			460
13 Theatre Modernisation Phase I				100			100
14 Refurbishment Commercially Leased Property			720				720
15 Strategic Property Purchase		10,000					10,000
16 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy		7,000					7,000
17 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing		3,200	2,500	2,200	1,000	1,000	9,900
18 Delivering Infrastructure - Chelmer Waterside Utilising The Housing Infrastructure Fund	519	475	14,506				15,500
19 Mass Tree Planting and Woodland Creation			660		660	3,080	4,400
20 Riverside Cladding - Planning Condition		2,000					2,000
21 Council Fleet Low Emission by 2024 - Trial Electric Vehicles				170			170
22 Cemetery and Crematorium Infrastructure				3,400	3,400		6,800
23 Rivers and Waterways Improvements			200	200	200		600
Sub Total	519	23,340	20,024	6,714	5,760	4,080	60,437
Potential Funding							
S106 Contributions Chelmer Waterside Infrastructure to be Approved		-300	-4,500				-4,800
S106 Contribution Equipped Play Areas		-73	-60				-133
S106 Contribution Saltcoats and Compass Gardens Car Park			-43				-43
CIL Neighbourhood Funding Equipped Play Areas to be Approved		-50	-50				-100
Housing Infrastructure Fund Grant Subject to Final Approval	-519	-175	-10,006				-10,700
External Funding to be Sought			-200	-200	-200	-2,000	-2,600
Total of New Scheme Proposals After Funding Applied	0	22,742	5,165	6,514	5,560	2,080	42,061

CAPITAL PROGRAMME - New Schemes Identified for Approval Narrative

Scheme	Details
1 Theatres' Toilets Phase I	<p>The proposal is to completely refurbish the front of house toilets in the Theatres, bringing the facilities up to date and improving the overall experience to the customers. It will also reduce the amount of maintenance required. This work has been identified by the Building Service's Condition Survey conducted in 2017. If the scheme does not go ahead the toilets will fall into complete disrepair and customer complaints will increase which may affect theatre attendances.</p>
2 High Chelmer Roof Repairs	<p>The Council owns the freehold of the High Chelmer Shopping Centre and benefits from a lease agreement with the Coal Board Pension Fund by which it receives 50% of the rental income from the property. The roof of the property is approaching the end of its economical life and will require replacement in stages, The Council will be required to contribute to the cost of these works. To do nothing would seriously impact on one of the main visitor destinations in the City and may also give rise to Health and Safety issues.</p>
3 Hylands House Banqueting Room Refurbishment	<p>The Banqueting Room is perhaps the most high-profile component of the Hylands House restoration and in addition to its significant heritage value, it provides a critical element in the wedding hire business driving in excess of £500k of income annually. The scope of the proposed scheme is to return the painted plaster walls of the Banqueting Room to their original condition (when Hylands House reopened) and reinstate the original polished floor. The alternative would be to continue with the policy of repairing visible damage reactively. The evidence of the ineffectiveness of this strategy is clearly visible throughout the Banqueting Room with repairs increasingly visible and the absence of a coherent restoration strategy.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
4 Hylands House Stable Block Toilets	<p>The Hylands Estate is a high-profile element of Chelmsford City Council's property portfolio and The Stables, with its café and growing community of designers, artists and makers, is at the centre of its engagement with the public. In order to sustain the commercial development of The Stables Café and Hylands Creative Community, maintaining the hygiene facilities to a good standard is considered imperative. The toilet block was installed 12 years ago for the opening of The Stables Visitor Centre and the condition of the male, female and disabled facilities are dated, showing clear signs of the heavy usage to which, they have been subjected. This scheme proposes to refurbish the toilet block in The Stables at Hylands including new cubicles, sanitaryware, tiling, flooring, plumbing and electrical works and equipment. If this scheme does not go ahead the quality of the facilities will deteriorate and the requirement for enhanced levels of service and repairs will escalate. This will result in reputational damage of deteriorating hygiene facilities on visitors and tenants.</p>
5 Travel Plan Pool Cars	<p>The travel plan survey shows that a number of staff drive to work in case they need their car for work purposes. Providing pool cars will enable staff to use more sustainable forms of transport to commute to work. If successful the use of pool cars will result in a reduction of the current annual mileage payments of £72k and allow a reduction of staff car parking spaces in Fairfield Road which will significantly contribute to the cost of the initiative. The initial 5 pool cars provided will be a mixture of electric, hybrid, and plug-in hybrid to enable suitability to be assessed for various work situations. This initiative will directly contribute to the Council's Climate and Ecological Emergency Declaration to make the Council's activities net-zero carbon by 2030, and will contribute to the action of 'upgrading the Council's fleet to ensure it is all low emission, embracing the latest low emission technology'. Any reduction in car journeys or moving them to low or ultra-low emission journeys will directly contribute to making Chelmsford an attractive place and making Chelmsford an even more enjoyable place in which to live, work and visit. It is proposed that the vehicles will be procured via a three year lease/contract hire but due to accounting policy changes will need to be financed from capital.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
6 Equipped Play Areas	<p>This scheme is a proposal to replace equipment in existing play areas and is required to keep them operational. The schemes scheduled for 2020/21 are as follows:- Springfield Hall Park £107k, Compass Gardens/Saltcoats Park £116k and Churchill Rise £42k.</p> <p>The schemes scheduled for 2021/22 are as follows:- Potters Close £36k, Chislett Row £70k, Rookes Crescent £58k, Homestead £19k, and Melbourne Park £128k.</p> <p>All these existing play areas are in poor condition and need replacement as the equipment is reaching end of life. These are the next priorities in the 2012 Equipped Play Development Plan. They are popular locations for children up to 12 years old and their parents, serving the local neighbourhoods and local population. Without replacement the existing equipment will be removed as it becomes unsafe. Currently there are approved S106 contributions towards the cost of Compass Gardens £73k, Chislett Row £29k and Melbourne Park £31k and it is proposed that an application will be made for CIL neighbourhood funding of an additional sum of £100k towards these schemes.</p>
7 Galleywood Common Access Road Improvements	<p>The road is owned by the Council. A number of houses enjoy access rights and the road also serves the northern car park on the common. An access easement along this road was granted to a developer for the construction of two in-fill houses which included a provision to be used towards the repair of the road following completion of the construction of the houses. The resurfacing is required on the grounds of safety and to avoid damage to vehicles using the access. If this scheme does not progress the surface will continue to deteriorate which could result in liability claims to the City Council.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
8 Saltcoats and Compass Gardens' Car Park Resurfacing Works	<p>This scheme proposes to resurface the driveway and parking bays in Compass Gardens, to construct an overflow car park and to extend Saltcoats car park to allow access to a play space which is scheduled for refurbishment in 2021/22 (see 6 above). The resurfacing is required on the grounds of safety and to avoid damage to vehicles using the area. Wherever possible products will be selected from recycled materials such as recycled plastics/rubber and recycled road material. Works on site will be carried out ensuring the protection of the existing park land/green space, such as installation of temporary trackway and protective fencing around existing trees. The scheme will also benefit from additional tree planting and landscaping. If this scheme does not progress the surface will continue to deteriorate which could result in liability claims to the City Council.</p>
9 Beaulieu Park Pavilion Refurbishment	<p>The sports pavilion is in City Council ownership and there are management and maintenance obligations. The building and building systems are deteriorating and without necessary works will reach the end of their safe life span. In order to avoid the building becoming operationally unavailable there are works which need to proceed. The heating and ventilation systems are at the end of their lifespan and require replacement, the store room works are on the grounds of safety and exterior works are to ensure that the building condition does not unduly deteriorate. The works proposed are tangible improvements on site for users. All works will be subject to safety inspections and risk assessments will be signed off to ensure the areas are safe to use.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
10 Chancellor Park Pavilion Works	<p>The sports pavilion is in City Council ownership and there are management and maintenance obligations. The building and building systems are deteriorating and without necessary works will reach the end of their safe life span. In order to avoid the building becoming operationally unavailable there are works which need to proceed. The heating and ventilation systems are at the end of their lifespan and require replacement and exterior works are to ensure that the building condition does not unduly deteriorate. The works proposed are tangible improvements on site for users. All works will be subject to safety inspections and a risk assessment will be signed off to ensure the areas are safe to use.</p>
11 Dovedales Refurbishment Grant	<p>Dovedale Sports Centre is operated under a joint use agreement with Chelmsford College. Following the latest condition survey of the building the College has identified urgent schemes as high priority. This is not part of the rolling maintenance programme but forms a separate bid which is vital for maintaining the building to a safe standard and remaining operational. The total cost of the works is estimated as £84k (window replacement £32k, reception roof and other urgent roof repairs £22k and refurbishment of the male toilets £30k) and a 50% contribution of £42k is required in line with the joint use agreement. The centre is old and dated and this scheme will enable the centre to remain open. If the works are not carried out there is a very high-risk that areas of the roof and windows will fail which will lead to disruption/ closure of the facility. The centre is well used and attracts around 70,000 customer visits per annum.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
12 Civic Offices Improvement Programme	The proposed scheme involves a phased refurbishment of the office accommodation that has not been upgraded in recent years to make it fit for purpose and create more flexible workspaces. The programme will also include new breakout areas, meeting or training rooms and improvements to the kitchen areas. Improving the facilities will improve the welfare of the staff. If the offices are not improved they will deteriorate further, making them less able to meet the demands of a modern office environment. This could affect the morale of the staff who are expected to work in sub-standard offices. More detailed proposals and phased programme of work will be prepared in due course. It is also requested that delegated authority is given to the Director of Public Places, after consultation with the Cabinet Member for Safer Chelmsford to develop a scheme and spend the approved budget.
13 Theatre Modernisation Phase I	This proposal aims to approve a budget which can be used to begin to modernise the theatre. A more detailed business case will be prepared in due course. It is also requested that delegated authority is given to the Director of Connected Chelmsford, after consultation with the Cabinet Member for Connected Chelmsford to develop a scheme and spend the approved budget. Any larger scheme which comes out of this proposal should be referred to Cabinet/Council as appropriate for approval.

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
14 Refurbishment of Commercially Leased property	<p>The Council owns and manages several investment properties let on commercial terms via leases to third party tenants. In some cases, as these leases draw to an end, the need may arise to undertake works to the property. This will be required to secure future income from the property by agreeing terms with new or existing tenants. Some properties may require work to bring them in line with new legislation, for example Minimum Energy Efficiency Standards (MEES), which imposes regulations on the energy performance of a property. If this investment is not made to the properties at the end of the leases there could be a major loss of revenue. It is requested that delegated authority is given to the Director of Financial Services, who after consultation with the Cabinet Member for Fairer Chelmsford, will agree the the works required to the properties at the end of lease and to spend within the approved budget.</p>
15 Strategic Property Purchase	<p>The Council has successfully acquired a number of commercial property investments providing a mixed portfolio. Given continuing low interest rates it is proposed that a budget for strategic property acquisitions is created, to take advantage of opportunities in the market should they arise. Any acquisition must meet strategic need and make a net contribution to revenue income. The parameters for any acquisition will be set in the Capital and Investment Strategy. It is requested that delegated authority is given to the Director of Financial Services, who after consultation with the Cabinet Member for Fairer Chelmsford, will agree that the proposed acquisition meets the requirements and to spend the approved budget.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
16 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy - Temporary Accommodation	<p>Over the last 10 years the City has seen the number of homeless registered double. This has impacted on the number of people being accepted into the Council's temporary accommodation provision, the numbers peaked around three years ago for a variety of reasons. One of the main changes witnessed in the last few years has been the increase in the number of households becoming homeless due to private landlords serving notice to quit, reflecting the growth of this sector which is replacing home-ownership as an option for many households. This increase in demand has resulted in higher rents which many on lower incomes can no longer afford. It is forecast that the imbalance between supply and demand in the rental market is expected to see rent increases over the next five years and a further decline in available rented property. The Council currently provides temporary accommodation through a mix of nightly lets, Bed and Breakfast, private rented and Council owned properties. This proposal seeks to purchase approximately 20 additional properties from developers or wider housing market, with an appropriate mix of sizes to be used for temporary accommodation. This will be more cost effective than existing nightly lets and Bed and Breakfast provisions. A business case will be developed to determine the costs and benefits arising from this proposal and it is requested that delegated authority is given to the Director of Financial Services, who after consultation with the Cabinet Member for Fairer Chelmsford, will agree that the proposed acquisitions meet the requirements and to spend within the approved budget.</p>
17 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	<p>This proposal aims to explore opportunities to deliver additional housing, particularly with affordable rents, through joint ventures and partnerships. It aims to increase the supply of 'long term rented properties' in combination with shared and outright ownership, and to increase the supply of mixed income and affordable housing for rent to meet the needs of residents and people moving to the area. It also aims to provide an adequate supply of homes that meets the needs and demands of an ageing population and an increased supply of supported housing to meet local need. This is viewed as a 10 year programme and will include various options such as Development of housing on Council owned land, expansion and development of hostel accommodation, acquisition of land for development, development on regeneration/brownfield sites and property purchases. More detailed business cases will need to be prepared before any schemes can progress and it is requested that Council approve a delegated authority for Cabinet to agree the schemes and to spend the budget once the business cases comes forward.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
18 Delivering Infrastructure - Chelmer Waterside Utilising The Housing Infrastructure Fund	<p>Chelmsford City Council has been awarded up to £10.7 million from the Government's Housing Infrastructure Fund to deliver the infrastructure necessary to support new housing at Chelmer Waterside. The Council entered into the Grant Funding Agreement with Homes England in December 2019. The grant has been awarded to deliver the following infrastructure:</p> <ul style="list-style-type: none"> a) A new access road and bridge over the River Chelmer b) Land remediation works, and c) Relocation of a gas pressure reduction system and high-pressure gas main <p>In broad terms, £5.7 million of the funding has been awarded for (a) and (b) above and £5 million for (c). The grant is awarded to support the delivery of up to 970 new homes in Chelmer Waterside.</p> <p>The first elements of funding will be used to prepare the design of the road and bridge (estimated at £864k), carry out a land remediation survey of the former Gas Works site (up to £100k) and to procure a supplier to carry out the feasibility study for the proposed relocation of the gas pressure reduction system and high pressure gas mains (£250k). Construction of the road and bridge, land decontamination and the relocation of the gas pressure reduction system and gas main (if affordable) will follow.</p> <p>There is currently an approved budget of £250k for the designs and feasibility studies and Cabinet are requested to approve an additional £964k to continue the works detailed above. Once the feasibility and design works are completed, a more detailed business case will need to be prepared before the scheme can progress and it is requested that Council approve a delegated authority for Cabinet to agree the scheme and to spend the budget once a business case comes forward. The scheme is currently shown at a NIL cost to CCC due to the HIF grant and the use of S106 contributions which are still subject to final confirmation and approval.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme New Schemes (continued)	Details
19 Mass Tree Planting and Woodland Creation	<p>This proposal is to increase the tree canopy in Chelmsford from 13% to a least 20% by undertaking a greening programme to significantly increase the amount of woodland and the proportion of tree cover in the Borough of Chelmsford through a sustained medium-term 'mass tree planting and woodland creation' programme. The Council currently does not have sufficient suitable land available to accommodate all the proposed tree planting, so for later phases of the programme land may need to be acquired and opportunities for partnership planting will be considered.</p> <p>The aim is to create an additional 71 hectares of woodland/tree cover by planting 148,000 additional trees. The ambition is to have one tree planted for every existing resident and at least three new trees planted for every new home in the Local Plan growth sites. The scheme is an integral part of the City Council's Climate Emergency declaration made on the 16th July 2019. A mass tree and woodland planting campaign, sustained over the medium-term, is a crucial element of a possible action plan to address the climate and ecological emergency and will be fundamental to achieving the target set for the Council's activities to be net-zero carbon by 2030. Urban trees and woodland are increasingly recognised as providing a diverse range of environmental and quality of life benefits that are important in tackling the current climate emergency. If this scheme does not progress then there will be a failure to deliver the City Council's 'Our Chelmsford, Our Plan' and 'Climate and Ecological Emergency Action Plan'. A more detailed programme will be prepared in due course. It is also requested that delegated authority is given to the Director of Public Places, after consultation with the Director of Financial Services and the Cabinet Members for Fairer and Safer Chelmsford to develop a mass tree planting programme and spend the approved budget. It is also recommended that appropriate funding sources should wherever possible be used.</p>
20 Riverside Cladding	<p>The planning consent for redevelopment of Riverside and the associated demolition works to the redundant structures following the opening of the new centre, imposed a condition requiring the Council to submit for approval 'a scheme for comprehensively re-cladding the existing ice rink and sports hall structure retained by these proposals in appropriate high quality material(s)' and to implement such an approved scheme within twelve months of the first operational use of the new leisure centre.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme New Schemes (continued)	Details
20 Riverside Cladding (continued)	<p>Various options for this re-cladding scheme have been examined and preliminary cost estimates prepared, but a final design solution has not yet been agreed. Based on the initial feasibility work an allowance of £2m needs to be included in the capital programme to allow this outstanding planning condition to be discharged. Once the feasibility works have been completed the design options will be reviewed. It is requested that Council approve a delegated authority for Cabinet to review the options agree the scheme and to spend within the approved budget.</p>
21 Council Fleet Low Emission by 2024 - Trial Electric Vehicles	<p>This is a proposal to upgrade the Council's vehicle fleet to embrace the latest low emission technology, including electric power vehicles, as they become operationally and commercially viable. This will result in all fleet vehicles meeting the Euro 6 vehicle emission standards (at least) by 2024. This will be a significant contribution towards the target to make the Council's activities net-zero carbon by 2030. To achieve low-emission compliance by 2024, no additional resources other than those already identified in the replacement programme will be necessary. At present, it would be technically, practically and financially challenging to contemplate switching the larger-vehicle fleet (predominantly collection vehicles) to ultra-low emission alternatives (ULE). However, there may be merit in trialling an ULE collection vehicle in the fleet within the next two years to gain direct experience and expertise in the operation, use and value of such vehicles. This would also allow 'in-operation' running costs to be determined, so that likely payback periods can be more accurately assessed. To do this, one-off top-up funding of £170,000 would need to be provided. There is scope to consider the gradual replacement of selected small vehicles with ULE alternatives as their replacement becomes due. However, the price premium representing the difference between using ultra-low emission compared to low-emission vehicles warrants further debate; to justify the benefits that may be realised against the additional cost that may be incurred. It would be better for this debate to take place in the context of the Council's emerging 'environmental plan', where competing priorities for investment can be considered. It is requested that delegated authority is given to the Director of Public Places after consultation with the Cabinet Member for Safer Chelmsford to select an appropriate vehicle and to spend the approved budget.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme New Schemes (continued)	Details
22 Cemetery and Crematorium Infrastructure	<p>In order to meet its obligations as the burial authority and the cremation authority for the area, there is a requirement for a new cemetery to be available for use by 2026. Any new facility will make a significant contribution to achieving a net-zero carbon position for Council activities by 2030 through improved energy efficiency and potentially incorporating new technologies less reliant on carbon fuels. Consideration will be given to incorporating the latest technologies and emerging alternative methods of treatment and disposal of human remains in the new facility. A more detailed business case will need to be prepared before the scheme can progress and it is requested that Council approve a delegated authority for Cabinet to agree the scheme and to spend the budget once a business case comes forward.</p>
23 Rivers and Waterways Improvements	<p>This scheme proposes to improve the environmental quality, attractiveness and recreational use of the rivers and waterways and associated green corridors in the City Centre and surrounding areas. If the full potential of the rivers and waterways is to be realised, a combination of low-cost actions and larger scale high impact projects requiring significant capital investment will be required. It is anticipated that many of the larger scale improvements will be integrated into the development of specific sites, or resources will be secured through planning obligations. An allowance of £600k over a 3-year programme will be required for works that cannot be resourced through site development plans and will not be delivered by the Green Infrastructure Plan. A Rivers and Waterways Working Group has been established to examine options, merits and deliverability of different solutions. A more detailed business case will be prepared in due course. It is also requested that delegated authority is given to the Director of Public Places, after consultation with the Cabinet Member for Safer Chelmsford, to develop a scheme and spend the approved budget. It is also recommended that appropriate funding sources should wherever possible be used.</p>

Section 5 The impact of Capital Expenditure on the Revenue Budget

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

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

The Medium-Term Financial Strategy identified a policy of:

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

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

- Additional running costs, income or savings resulting from the acquisition of equipment or on completion of a capital project.
- Funding of capital schemes
 - Borrowing costs (interest and principal repayments) are a revenue cost
 - Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which in effect funds capital expenditure

The revenue budget for 2020/21 contains the following funding for the capital programme:

- Minimum Revenue Provision (money set aside to repay the principal of debt) of £80k. Further details can be found in the Capital & Investment Strategy 2020/21. The MRP charge is made to revenue budgets for any assets funded from borrowing the year after the asset is complete.
- Direct Revenue Financing of Capital £4.8m. This is being used to fund:
 - short life assets (equipment) the funding for which comes from contributions to Asset Replacement Reserve; and
 - longer life assets are also funded but from the Chelmsford Development Reserve, which in turn is funded from windfall or temporary income such as new homes bonus. Further details on these reserves can be found in **Section 6**

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

The Council's capital programme does require the use of borrowing which is currently planned to be internal borrowing using council cash balances instead of taking on external loans. The cost of internal borrowing is the interest forgone on not investing Council funds and a minimum revenue provision. These matters are discussed in the report, Capital and Investment Strategy 2020/21 elsewhere on the agenda.

Section 6

Revenue - Reserves & Forecast

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

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

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

Reserves

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

- The need to fund planned one off expenditure/ loss of income such as:
 - The use of reserves to temporarily balance loss of car parking income
 - Capital funding including the partial funding of the redevelopment of Riverside

- The need to protect against unbudgeted risks for example:
 - Business Rate retention timing difference or reduced business rate income
 - Falls in income due to changes in economic conditions
 - Homelessness and other demand led costs

The Council will seek to increase the level of its general fund reserves (General Fund plus Contingency) and maintain this at an appropriate level commensurate with the level of financial risk it faces. As a minimum, the Council should work towards a level of approximately 5% of its gross expenditure (which would be around £7m when compared to the gross expenditure figure included in the last Council Tax resolution), whilst recognising that the level of balances will fluctuate over time as it adjusts to short-term pressures in the revenue budget.

The Reserve estimates have been updated for variances identified in the 2019/20 Revenue Monitoring, there is a risk there will be further variances but the assumptions are:

- Service Level overspend broadly in line with that reported to October Cabinet
- Additional Business Rate Retention income is achieved in 2019/20 of some £2.5m which is transferred into the General Fund Contingency

In summary the material transfers to and from reserves in 2020/21 are:

Table 6

Transfer +to/- from reserve £ms	Reserve Name
<u>Annual contribution from Revenue:</u>	
£0.54m	to the Pension deficiency cost
£1.7m	to the Asset Replacement Reserve
<u>Temporary/One off Income contributions to Reserves</u> Creation of the following reserves from one off New Home Bonus Funding	
£0.39m	To Project Evaluation Reserve. The capital programme includes schemes which require further feasibility and financial evaluation, so this reserve enables production of robust business plans
£0.15m	To Housing Initiatives Reserve. To establish funding to undertake initial stages of projects that may not be capital costs.
<u>One off Contribution</u>	
£0.26m	to General Fund Balance, from rent income from a potential purchase.
<u>Annual contribution from Revenue:</u>	
£0.5m	To Digital Portfolio Office (DPO) Reserve. The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process and an additional sum is made available to support the work, subject to the success of pilot schemes.
£2.06m	to Business Rate Retention Reserve (uncertain Business Rate Retention Income)
<u>Use of Reserves to Support expenditure</u>	
£0.19m	Local Development framework
£2.7m	To fund pension costs from Pension Deficiency Reserve
£1.7m	Asset Replacement Reserve to support the capital programme
£3.1m	Chelmsford Development Reserve to support the capital programme
£0.047m	Use of suppliers to undertake rent reviews and lease renewals on buildings let by the Council funded by General Balance
£0.075m	Business rate costs on Lockside properties that the Council has taken back from tenants to enable disposal of larger site Funded by General Balance
£0.046m	Implementation of Technology One Finance system funded by General Balance

The Council Tax Surplus for 2020/21 is transferred into the General Fund Contingency Reserve to support one off expenditure

A forecast of the reserves for 2020/21 and future years is shown in **Table 8**, at the end of this section, it also identifies the purpose of each reserve and any delegation for their use.

Revenue Forecast

In summary the projected budget shortfalls are shown in **Table 7** below:

Table 7	2021/22	2022/23	2023/24	2024/25
	£000s	£000s	£000s	£000s
Losses as a result of Government policy	450	250	250	250
+Other Pressures/-reductions	669	111	506	165
Total In year	1,119	361	756	415
Cumulative		1,480	2,236	2,651

A more detailed forecast of the Council's budget is shown in **Table 9** at the end of this section.

The key assumptions in the forecast are:

- Government funding. The Government has previously provided multi-year settlements so that Councils have clarity to plan for funding cuts. The 2020/21 settlement is for one year only. The Council could plan on the basis that future years funding is at existing levels given recent national politics portraying the era of austerity/ funding cuts is over. However, the 2019/20 and 2020/21 settlements did provide Chelmsford and a number of other Councils with funding so that negative Revenue Support Grant (RSG) was not implemented. Negative RSG is where all of a Council's RSG had been removed by the Government but an additional funding cut was due to take place by reducing Business Rate Baseline income; in Chelmsford's case this was to be a further £1m per year loss and was due to be implemented in 2019/20. This cut has not made but has not officially been permanently cancelled. The Government is continuing to undertake fair funding and business rate retention reviews during 2020/21 and it is thought that the Negative RSG is in some way likely to influence the future funding available to Chelmsford. The forecast therefore includes a £250k loss of central government funding for the four years after 2020/21.
- New Home Bonus (NHB) has been under threat of reform for many years. The Government is likely at the very least to reduce the sums paid to Councils and the number of years they receive it. This could be achieved by many mechanisms and there is still the option to simply scrap the scheme. The Council's policy has been to set aside NHB for funding of one-off initiatives or contributing to Reserves (then capital). The Council's services would not suffer directly if the Government removed the scheme completely, however, the result might be reduced funding for the capital programme which would then require reductions in the planned programme or additional borrowing with its financing cost met by revenue. The Council's financial planning assumes no new allocation of NHB but does assume the run off over 4 years of the previous allocations.
- Business Rate Retention. The Council has received in excess of £2m per annum for the last 2 years and this is projected to continue in 2020/21. Only £200k is used to support ongoing expenditure in 2020/21. From 2021/22 the forecast assumes that the Council's ongoing budgets are not supported at all by Business Rate Retention income, this reflects a cautious approach as the Government is reviewing the business rate retention scheme.
- Flexible homelessness support grant. The Council relies on £653k which the Government provides to help fund homeless prevention work. The funding is

relatively new and was established by the Government by removing another source of funding for the Council's Temporary Housing administration. There has not been sufficient clarity from Government to determine with certainty that the flexible homelessness grant will continue in the medium term, however the lack of a proposal to remove it means the forecast budget assumes the grant will continue.

- The revenue forecast reflects the financing costs of the Capital programme but as some schemes still require business cases to be completed the running costs and benefits are not yet in the revenue forecast.
- That current service levels continue after allowing for the enhancements and efficiencies identified.
- Provision has been made for future growth in Refuse & Recycling and Street Cleaning service to reflect new housing growth.
- Pension scheme costs, as discussed in **Section 3** the costs of the actuarial valuation of the pension fund are being smoothed in with cost increases of £175k in both 2021/22 and 2022/23.
- Homelessness. There has been considerable difficulty in containing the increased costs arising from the Council's statutory housing duties. The initiatives proposed in the capital programme and the revenue enhancements are expected to improve outcomes. The forecast does not include additional costs or savings after 2020/21 given the risk of increased demand arising from factors that are outside the Council's control offsetting revenue improvements.
- The development of an access road across Baddow Road car park to Waterside will have a detrimental impact on the Council's car parking income, however, this is likely to be temporary and is not included in the forecast. The cost when identified will need to be met from Reserves and will be the subject of a future report to Council.

Table 8 - Usable Reserves Projections

	2019/20			2020/21			2021/22			2022/23		
	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance
		£000s			£000s			£000s			£000s	
1 Cultural Support 'Fund'	154		154	154		154	154		154		154	
2 Chelmsford development	0	contribution	0	0	contribution	0	0	contribution	0	contribution	0	
3 Future Replacement of assets	0	fully spent	0	0	fully spent	0	0	fully spent	0	fully spent	0	
4 Digital Strategy reserve	76	-76	0	0		0	0		0		0	
5 Growth fund	97	-12	85	85		85	-50	35	35	-35	0	
6 Insurance	809	200	1,009	1,009		1,009	1,009	1,009	1,009		1,009	
7 Local Development Framework	272	243	515	515	-191	324	324	-191	133	133	-133	0
8 Pension deficiency	1,163	2,399	3,562	3,562	-2,136	1,426	1,426	717	2,143	2,143	892	3,035
9 Park and Ride	178		178	178		178	178		178		178	
10 Hylands House Reserve	18		18	18		18	18		18		18	
11 Housing Initiatives			0	0	150	150	150		150		150	
12 DPO Reserve		150	150	150	500	650	650		650		650	
13 Project Evaluation Resrve			0	0	390	390	390		390		390	
14 Carry forwards	149	-99	50	50	-50	0	0		0		0	
	0		0	0		0	0		0		0	
Total Earmarked Reserves	2,916	2,805	5,721	5,721	-1,337	4,384	4,384	476	4,860	4,860	724	5,584
15 General Fund	4,693	-263	4,430	4,430	162	4,592	4,592		4,592		0	4,592
16 Contingency	3,491	-450	3,041	3,041		3,041	3,041		3,041			3,041
	8,184	-713	7,471	7,471	162	7,633	7,633	0	7,633	7,633	0	7,633
Total other reserves	11,100	2,092	13,192	13,192	-1,175	12,017	12,017	476	12,493	12,493	724	13,217
Not Available to Support Spend, until financial year end when the actual position is determined.												
17 Business Retention reserve	37	597	634	634	2,061	2,695	2,695	-634	2,061	2,061		2,061

Reserves - Purpose and Delegation

	Purpose	Delegation
1 Cultural Support 'Fund'	To contribute to Cultural Services costs	Relevant Director & Cabinet member
2 Chelmsford development	To support the ongoing development of the Chelmsford City area. New Homes Bonus plus other expected one off income will be added to the reserve	Director of Finance & cabinet member for a Fairer Chelmsford
3 Future Replacement of assets	These are funds from revenue set aside to finance capital expenditure and one off revenue costs of capital schemes	Director of Finance as part of year end capital financing process
4 Digital Strategy reserve	Reserve closed down at end of 2019/20	Relevant Director & Cabinet member
5 Growth fund	Funding Held for Strategic Planning issues	Relevant Director & Cabinet member
6 Insurance	To meet losses and policy excesses where more appropriate to insure internally than externally.	Relevant Director & Cabinet member
7 Local Development Framework	To meet expenditure on the LDF	Relevant Director & Cabinet member

Reserves - Purpose and Delegation		
	Purpose	Delegation
8 Pension deficiency	To support the financing of the annual deficiency payments on the pension fund. To fund one off staff costs e.g. flexible retirements, redundancy.	Chief Executive, Director of Corporate Services for one off staff costs.
9 Park and Ride	Contingency to smooth management contract costs of Park and Ride	Relevant Director & Cabinet member
10 Hylands House Reserve	To contribute to Hylands House and Estate costs	Relevant Director & Cabinet member
11 Housing Initiatives	To establish funding to undertake initial stages of projects that may not be capital costs.	Director of Finance & Cabinet member
12 DPO Reserve	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process and an additional sum is made available to support the work, subject to the success of pilot schemes	Chief Executive
13 Project Evaluation Resrve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production of robust business plans	Director of Finance & Cabinet member
14 Carry forwards	These are working balances arising from the carry forward policy, set out in financial regulations	Relevant Director & Cabinet member
15 General Fund	These are uncommitted working balances to meet the unforeseen needs of the Council.	Normal Supplementary estimate rules (within constitution)
16 Contingency	To cover temporary income and expenditure fluctuations (including Business Rates)	Cabinet
17 Business Retention reserve	To meet one off costs arising from Business Rate Retention scheme	To be used by Director of Finance as part of the annual closure of the Business Rate

TABLE 9 - Medium Term Financial Forecast						Comments
Variations from 2019/20	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's	
Year on Year Changes in Budget						
+Increased costs or less income/ -reduced cost or additional income						
Changes from Central Government and Local Taxes						
Council Tax Increase	-340					
Government Settlement Funding Change	-55					
Negative RSG assumption		250	250	250	250	
Business Rate Retention	-24	200				
Tax base Growth	-306	-155	-155	-155	-155	
Cost of Capital						
Minimum Revenue Provision (existing £200k)	-120	276	11	51	68	
Interest Earning (net of internal borrowing)	48	25	25	70	70	
Service Cost Variations						
Inflation - Pay	634	646	659	676	690	
Utility Costs	146	30	31	32	33	
NNDR (Business Rates)	136	40	41	42	43	
Inflation - Income	-615	-248	-596	-280	-654	
Homelessness & Prevention Service	215					
Housing Benefit Subsidy Loss	72					
Enterprise Resource Planner (ERP)	67					
Commercial Property Rental Income	150					
Digital Services	291					
Hylands House	61					
Property disposals (rent forgone)	126					
Maintenance (tree and building)	42					
Court Costs Income Council Tax	35					
Licences - Leisure	27					
CIL (administration fee) & planning income	-88					
Riverside	47					
Hylands Festival	80					
Pension Valuation		175	175			
Car parking charges	-524					
City Growth	165			70	70	
Growth	253					
Savings	-562	-120	-80			
Other	39					
Annual Budget Shortfall	0	1,119	361	756	415	
Cumulative Budget Shortfall		1,119	1,480	2,236	2,651	

Section 7 **Risks & Robust Budget**

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

Introduction

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

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

Financial Management Arrangements

The Council has enhanced its system of budget monitoring and financial control during 2019/20, with regular reporting both at Executive and Scrutiny level, via the Audit & Risk Committee (year-end review), Overview and Scrutiny Panel (mid-year review) and Cabinet. Where budget variances have arisen, prompt management actions are identified to minimise any adverse effect and enable early corrective action to be put in place where relevant.

The budget process for 2020/21 included informal discussions and workshop sessions with Cabinet Members and their Deputies in order to ascertain the priorities for the budget, and to understand cost drivers, demand pressures and the underlying assumptions contained within the budget, such as inflation, interest rates and the cost of borrowing.

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

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

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

The Council continues to meet requirements to produce what has now become a suite of financial management reporting, including the budget report, Medium-Term Financial Strategy, Capital and Investment Strategy and Treasury Management Strategy, and which form the framework for financial decision-making. In addition, the Council has due regard to both statutory and non-

statutory guidance including the Prudential Code for Capital Finance in Local Authorities and related MHCLG Investment Guidance.

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

I consider the financial management arrangements of the Council to be sufficiently robust to maintain adequate and effective control of the budget for 2020/21.

Financial and Economic Environment, Risks and Assumptions

On the face of it, Chelmsford has done well out of the Provisional Local Government Finance Settlement, with its headline figure of “core spending power” increasing by 6.2%, far in excess of the average 3.4% for Shire Districts and closer to the average increase for English local authorities as a whole (6.3%) and to increases seen by Counties (7.2% for Counties with responsibility for fire and rescue services/6.9% without), Metropolitan Councils (6.7%), London Boroughs (6.5%) and Unitary Councils (6.5% with fire/6.7% without).

When we look beyond the headlines, however, we see that the largest percentage increase is from grant income, the majority of which is New Homes Bonus. Council Tax assumptions have been built into the core funding measurement and already assumes both a tax base increase and a rate increase up to the £5 maximum permissible level before triggering a referendum, while baseline funding from government has increased by just 1.6%.

Core Spending Power (£m)

	2019/20	2020/21	change
Core Spending Power	20.213	21.463	6.2%
Of which:			
Settlement Funding Assessment	3.353	3.408	1.6%
Assumed Council Tax	12.936	13.492	4.3%
Other grants	3.924	4.563	16.3%

The risks inherent in the funding announcement are multi-fold and many have been touched upon in other sections of this report. First and foremost is the continued uncertainty provided by just a single-year Settlement, exacerbated by the lack of information on progress with the Fair Funding review, scheduled for introduction in 2021/22, which could see seismic shifts in the redistribution of funding between authorities, based on a major overhaul of the mechanism for assessing their relative needs. The move to a 75% Business Rates Retention Scheme, instead of the current 50% split with Government, is also intended to commence in 2021/22 – with one of the major factors at play being whether the baselines for business rates growth will be reset within the system, potentially wiping out gains to date. The New Homes Bonus Scheme is also set for review, with 2020/21 allocations being announced for a single year payment instead of being payable for 4 years as per previous allocations. While Chelmsford City Council has reaped the benefits of New Homes Bonus by supporting and facilitating local housing growth, it is difficult to predict what future changes to the scheme may mean locally. Outside of core spending power, funding streams for homelessness support and prevention have been announced but once again, are for a single year with no certainty as to future allocations or mechanisms for distribution.

This uncertain future funding position, the wider economic climate, and the playing out of economic factors locally, are key considerations in assessing the robustness of the estimates contained within the budget report and the adequacy of the Council's reserves.

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

Financial Risk within the budget has been mitigated by using New Homes Bonus to support capital spend via the Chelmsford Development Reserve or to create new reserves to support project evaluation, feasibility studies or the production of business cases, further enhancing the financial management processes described in the previous section. In addition, sums have been set aside to support the Digital Portfolio Office (DPO), in order to drive technological change from within the business and build on the infrastructure already in place. Subject to a successful pilot period, the DPO is expected to deliver on-going revenue savings or efficiencies in service delivery, adding to the financial sustainability of the Council moving forward.

Risk is further mitigated by holding back income from the Business Rates Retention Scheme until it is certain and not building it into base budgets at the start of the year. Business Rates income can be volatile and heavily affected by national and local economic conditions and assumptions around appeals against business rates, which can take years to unwind and require the Council to set aside sums to settle current and future appeals.

Complex assumptions are incorporated into the estimates for Business Rates income and the provision for appeals, as well as provision for bad debts across wider service areas including Council Tax and Benefits. Other assumptions within the budget include pay assumptions, pension valuations, inflation assumptions and interest rate assumptions. These are based on expert knowledge both within and outside of the Council, using experts where necessary and incorporating data from the Bank of England, central government statistics and other sources. Assumptions around demand levels are based on the professional expertise and local knowledge of service managers, within the local economic and demographic context, and take account of the continuing growth of the City area. Income budgets are set having due regard to demand constraints, affordability, cost inflation pressures, trend analysis and strategic aims. Income budgets are further analysed to assess the reliance on any individual income stream and to take measures to avoid over-reliance on any one area. A contingency reserve provides a safety net for sudden loss of income, allowing time for the Council to react to unforeseen changes and take corrective action.

Further detail on the assumptions used in the budget are set out in **Section 3** of the budget report.

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

Level of Reserves and overall Financial Standing

In past years, councils have been criticised for holding too high a level of reserves but more recently, given the increased awareness of the potential for local government failure, there has been greater emphasis on financial sustainability, which requires holding a "reasonable" level of reserves. What is reasonable will be dependent on local circumstances and there is no mandated minimum level set by regulators. There is a balance to be struck between holding reserves, and

the interest receipt that this may bring, and the opportunity cost of the services that might otherwise be provided.

The Council's Medium-Term Financial Strategy set a target for its unallocated reserves (General Fund and Contingency) of 5% of its gross revenue expenditure (around £7m) whilst recognising that the level held will fluctuate over time as it adjusts to short-term pressures in the revenue budget. In addition, the Council holds a number of reserves to provide for future expenditure such as pension deficit payments and asset replacement and to hold uncertain income until it is fully realised (Business Rates Retention income). Further detail on these reserves is contained in **Section 6** of the report.

The Council has a good track record for delivering its budget commitments and making prudent financial provision against risk and for future expected spending plans. Its Capital spending plans have been supported by its use of capital receipts from the large-scale voluntary transfer of its housing stock in 2002, through receipts from other appropriate asset sales, its use of grant funding and other contributions. As past capital receipts inevitably dwindle as they are invested within the City, the Council will make use of borrowing powers to support future capital spending. Initially, it will look to borrow internally, using cash reserves to fund capital expenditure, before moving to external borrowing from the Public Works Loan Board, other local authorities or other approved counterparties. More detail on this is set out in the Treasury Management Strategy 2020/21 and the Capital and Investment Strategy 2020/21. While the Capital Programme over the medium-term is an ambitious one, the cost of any borrowing to fund this programme is prudent and affordable within the terms of the Prudential Code of Capital Finance and for 2020/21 can be met from the revenue budget as set out in the report. However, as decisions made now can affect the Council for many years to come, in terms of interest payment and provision for repayment of borrowing, it is important to ensure that the on-going effect of borrowing is affordable in future years.

The updated Medium-Term Financial Forecast set out on **section 6**, provides a high-level summary of estimated changes to income and expenditure over the next 5 years. With cost pressures, inflation and assumptions about central funding out-stripping cost reductions and additional income estimated over the period, a potential budget gap of some £2.7m is projected by 2024/25. This forecast contains no assumptions about future council tax rises beyond 2020/21 but equally does not build in any service enhancement other than that necessary to continue to provide existing levels of service (e.g. pay inflation, city growth). While the 2020/21 budget preparation successfully identified sufficient savings to balance the budget in-year, further work needs to be undertaken to identify net savings for the years ahead. Work will commence early in the new financial year to agree a process for the identification and delivery of a savings and efficiency plan, which will build on the work already being piloted under the Digital Portfolio office and which will take forward learning points from that process. This will then be embedded into the next Medium-Term Financial Strategy review.

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

Conclusions

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

Amanda Fahey - Director of Financial Services/Chief Financial Officer

Section 8 Council Tax & Business Rates

The Council's budget is heavily dependant on Council tax income, not only is the amount significant £13m 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 does share in the business rates raised locally, 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 rate retention scheme the Council does receive one off rewards for growth in the total local business rate income. The Council has no ability to increase local business rates but does have some limited ability to locally offer reductions in business rate paid but at the Council's cost.

This section identifies the issues arising from Business Rates and Council Tax when setting the Council Budgets for 2020/21.

Council Tax Referendums

The Government has announced that Council Tax increases of the greater of either 2% or £5 for District authorities will not be subject to a local referendum.

Council Tax, Parish Grant & Special Expenses Proposal 2020/21

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 2020/21 is 68,251.65.

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

Table 10

	2019/20	2020/21	Increase	
	£	£	£	%
Chelmsford City Council (average)	194.02	199.00	4.98	2.57%
Essex County Council	1,270.44			
Police, Fire and Crime Commissioner for Essex	192.96			
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	72.45			
	<hr/>			
	1,729.87			
Parish and Town Councils (average)	38.09			
	<hr/>			
TOTAL	<hr/> 1,767.96 <hr/>			

Special Expenses and Parish/Town precepts are in **Table 11**

A Council Tax resolution will be drafted for Council upon approval of the precepts, the dates when the precepts become known are Essex County Council on the 11th February and Essex Police & Fire 6th February.

If any precepts are not available by the 26th February Council meeting, an additional Council meeting will be convened to approve Council Tax billing levels.

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

The Average Band D Council Tax for Chelmsford City for 2020/21 is £199.00

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

Council Tax Surplus or Deficit

The Collection Fund records the amount of income collected from Council Tax, together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be taken into account when determining the Council Tax for the following year. The Council Tax Surplus for 2020/21 is £100k, this is already included within the budget.

Business Rate Surplus or Deficit

To meet the legal requirements when setting the budget for 2020/21 the Council is required to declare by the 31st January 2019 a Business Rate Retention Surplus or Deficit, after submitting a return (NDR1) to Government. The Business Rate Retention figures contained in this report are therefore provisional and will be updated so that the Council Tax Resolution produced for Council will include a summary of the final surplus or deficit.

CHARGES TO PARISH AND TOWN COUNCIL AREAS

TABLE 11

PARISH/ TOWN COUNCIL	2019/20								2020/21							
	-- PARISH PRECEPTS --			BAND D EQUIVALENTS					-- PARISH PRECEPTS --			BAND D EQUIVALENTS				
	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes
(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £	(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £	
Great Baddow	421,417	181	421,598	165.69	13.41	179.10	77.94	257.04	434,319	219	434,538	171.27	13.41	184.68	79.56	264.24
Little Baddow	44,712	21	44,733	165.69	13.77	179.46	51.57	231.03	46,053	2	46,055	171.27	13.59	184.86	52.83	237.69
Boreham	88,725	6	88,731	165.69	11.70	177.39	68.40	245.79	89,950	18	89,968	171.27	11.16	182.43	65.61	248.04
Broomfield	131,014	-47	130,967	165.69	16.38	182.07	55.44	237.51	139,316	-20	139,296	171.27	15.30	186.57	55.44	242.01
Chignal	7,385	8	7,393	165.69	14.31	180.00	32.22	212.22	7,600	8	7,608	171.27	11.16	182.43	26.28	208.71
Danbury	205,156	104	205,260	165.69	5.94	171.63	85.05	256.68	212,481	68	212,549	171.27	6.03	177.30	87.57	264.87
Galleywood	103,401	-42	103,359	165.69	24.39	190.08	49.23	239.31	106,214	-75	106,139	171.27	24.21	195.48	50.22	245.70
Good Easter	9,544	1	9,545	165.69	4.50	170.19	55.35	225.54	10,700	2	10,702	171.27	4.50	175.77	62.01	237.78
East Hanningfield	34,835	-18	34,817	165.69	11.16	176.85	71.10	247.95	35,703	15	35,718	171.27	11.25	182.52	72.00	254.52
South Hanningfield	84,152	-15	84,137	165.69	4.23	169.92	71.28	241.20	86,500	0	86,500	171.27	4.32	175.59	72.63	248.22
West Hanningfield	23,300	-10	23,290	165.69	16.65	182.34	50.67	233.01	26,828	-10	26,818	171.27	15.93	187.20	56.07	243.27
Highwood	25,515	1	25,516	165.69	12.69	178.38	80.55	258.93	31,851	7	31,858	171.27	12.60	183.87	100.17	284.04
Great & Little Leighs	30,000	40	30,040	165.69	26.91	192.60	28.26	220.86	30,000	-6	29,994	171.27	25.02	196.29	26.28	222.57
Margaretting	12,420	-6	12,414	165.69	15.21	180.90	32.76	213.66	12,420	-12	12,408	171.27	14.76	186.03	32.04	218.07
Mashbury	0	0	0	165.69	9.99	175.68	0.00	175.68	0	0	0	171.27	9.63	180.90	0.00	180.90
Pleshey	7,506	3	7,509	165.69	19.44	185.13	54.45	239.58	7,506	6	7,512	171.27	19.26	190.53	54.09	244.62
Rettendon	36,144	25	36,169	165.69	12.87	178.56	47.25	225.81	41,494	-15	41,479	171.27	15.21	186.48	53.82	240.30
Roxwell	15,000	17	15,017	165.69	1.53	167.22	32.40	199.62	15,000	-15	14,985	171.27	1.53	172.80	31.41	204.21
Runwell	89,538	42	89,580	165.69	2.97	168.66	53.55	222.21	100,450	79	100,529	171.27	2.79	174.06	56.16	230.22
Sandon	31,933	-29	31,904	165.69	26.37	192.06	44.28	236.34	33,530	31	33,561	171.27	25.11	196.38	44.46	240.84
Springfield	383,146	-149	382,997	165.69	36.00	201.69	50.31	252.00	387,242	-349	386,893	171.27	34.56	205.83	49.23	255.06
Stock	43,696	-5	43,691	165.69	12.96	178.65	37.26	215.91	44,790	35	44,825	171.27	12.60	183.87	37.53	221.40
Great Waltham	46,000	-18	45,982	165.69	15.93	181.62	50.22	231.84	49,898	36	49,934	171.27	15.39	186.66	53.01	239.67
Little Waltham	35,714	-3	35,711	165.69	18.36	184.05	54.81	238.86	44,102	-1	44,101	171.27	14.85	186.12	54.81	240.93
South Woodham Ferrers	428,885	-215	428,670	165.69	29.43	195.12	70.92	266.04	428,187	78	428,265	171.27	29.16	200.43	70.38	270.81
Woodham Ferrers & Bicknacre	74,610	38	74,648	165.69	4.14	169.83	61.29	231.12	77,610	29	77,639	171.27	4.23	175.50	62.91	238.41
Writtle	126,115	-19	126,096	165.69	11.25	176.94	63.27	240.21	132,100	5	132,105	171.27	10.26	181.53	65.34	246.87
Town Centre (non-Parished area)				165.69	43.47	209.16	0.00	209.16				171.27	43.02	214.29	0.00	214.29
TOTALS	2,539,863	-89	2,539,774						2,631,844	135	2,631,979					
AVERAGE						194.02	38.09	232.11						199.00	38.56	237.56

NOTES

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

Section 9
Revenue Budget Reports

Revenue Service Budgets

This section contains

1. Subjective Analysis of the Council Revenue Budget (**Table 12**)
2. A summary of the budget (**Table 13**)
3. Service Budgets (Expenditure and Income) for 2020/21 (**Table 14**)

TABLE 12 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

2018/19 Actual £000's		2019/20 Original £000's	2020/21 Estimate £000's
EXPENDITURE			
32,215	Employees - Salaries	32,526	36,588
378	- Other	246	277
6,549	Premises	6,508	6,624
5,701	Supplies and Services	4,929	5,350
2,494	Transport and Plant	2,234	2,243
7,684	Third Party Payments	6,876	8,154
43,978	Benefit Payments	44,245	44,235
1,688	Miscellaneous	252	-
100,688	TOTAL CONTROL EXPENDITURE	97,815	103,471
INCOME			
-43,673	Government Grants	-43,851	-43,871
-2,182	Other Grants and Reimbursements	-1,942	-2,131
-1,235	Sales	-1,232	-1,231
-24,354	Fees and Charges	-25,867	-27,239
-8,158	Rents	-9,020	-9,631
-2,059	Other	-543	-493
-81,659	TOTAL CONTROL INCOME	-82,455	-84,595
19,029	NET CONTROL EXPENDITURE	15,360	18,876
INTERNAL RECHARGES			
21,969	Service Management and Overheads	23,929	25,174
-22,123	Recharges	-24,081	-25,341
-154		-152	-168
18,875	SERVICE EXPENDITURE	15,208	18,708
OTHER ITEMS			
-815	Interest Receivable & Investment Income	-542	-494
26	Interest Payable & MRP	200	80
-1,903	Business Rate Retention Adjustment	-3,266	-2,262
15,026	Direct Revenue Financing of Capital	5,749	4,823
-3,379	New Homes Bonus & Other Govt Grants	-3,975	-4,652
8,953		-1,834	-2,505
USE OF RESERVES AND BALANCES			
-11,985	Contributions - from / to Earmarked Reserves	3,377	726
-41	Contributions - from / to General Fund Balance	-515	162
-12,027		2,862	888
15,802	BUDGET REQUIREMENT	16,236	17,090
LESS GOVERNMENT SUPPORT			
-3,278	Collection Fund (Surplus) / Deficit	-3,353	-3,408
-139		54	-100
12,385	CALL ON COLLECTION FUND	12,936	13,582

TABLE 13 - SUMMARY OF REVENUE ESTIMATES

2019/20 Original Estimate £'000	Original Estimates 2020/21	2020/21 Estimated Spend £'000	2020/21 Estimated Income £'000	2020/21 Net Estimate £'000
305	Chief Executive	330	0	330
8,289	Connected Chelmsford	10,607	-2,227	8,380
131	Fairer Chelmsford - CDRM	137	-332	-195
-114	Fairer Chelmsford	57,872	-54,524	3,348
-3,392	Greener Chelmsford	6,729	-10,648	-3,919
10,140	Safer Chelmsford	27,797	-16,865	10,932
15,359	Service Expenditure	103,471	-84,595	18,876
	Other General Fund Items			
-154	- Charges to SEPP			-168
-542	- Interest Income			-494
200	- Minimum Revenue Provision			80
5,749	- Revenue Funding of Capital			4,823
-3,975	- Other Grants (including New Homes Bonus, Section 31 Grants)			-4,652
-3,266	- Business Rate Retention Scheme			-2,262
	Earmarked Reserves			
-164	- Use of Carry Forward Reserves			-50
2,648	- Business Rates Retention Scheme Reserve			2,062
895	- Contributions to / -use of Other Earmarked reserves			-1,286
16,750	Net Expenditure			16,928
-515	Contribution to / -from Balances			162
16,235	Budget Requirement			17,090
-3,353	Baseline Retained Business Rates			-3,408
54	Council Tax Surplus			-100
12,936	Income from Council Tax			13,582

TABLE 14 - SERVICE BUDGETS

CHIEF EXECUTIVE

2019/20 Original Estimate	CHIEF EXECUTIVE	2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
304,900		329,600	-	329,600
304,900		329,600	-	329,600
304,900		329,600	-	329,600

CONNECTED CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
264,200	DIRECTOR OF CONNECTED CHELMSFORD			
264,200	DIRECTOR OF CONNECTED CHELMSFORD	253,300	-	253,300
	DIGITAL SERVICES	253,300	-	253,300
2,544,000	DIGITAL SERVICES	2,891,000	-49,200	2,841,800
2,544,000		2,891,000	-49,200	2,841,800
	MARKETING AND ENGAGEMENT TEAM			
758,000	CUSTOMER SERVICES	794,700	-	794,700
1,011,600	MARKETING & ENGAGEMENT AND SPECIAL EVENTS	1,304,600	-276,800	1,027,800
1,769,600		2,099,300	-276,800	1,822,500
	HUMAN RESOURCES			
898,300	HUMAN RESOURCES	815,300	-36,500	778,800
117,300	PAYROLL	128,500	-4,100	124,400
1,015,600		943,800	-40,600	903,200
	LEGAL & DEMOCRATIC SERVICES			
629,700	LEGAL AND INFORMATION GOVERNANCE	747,100	-54,500	692,600
413,300	ELECTIONS	255,700	-33,100	222,600
747,500	DEMOCRATIC AND MEMBER SERVICES	777,800	-	777,800
1,790,500		1,780,600	-87,600	1,693,000
	CULTURE			
128,400	CULTURAL PARTNERSHIPS	191,600	-	191,600
201,900	THEATRES	1,720,100	-1,650,000	70,100
574,700	MUSEUM	727,100	-122,600	604,500
905,000		2,638,800	-1,772,600	866,200
8,288,900		10,606,800	-2,226,800	8,380,000

FAIRER CHELMSFORD - CDRM

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
131,100	CORPORATE & DEMOCRATIC MANAGEMENT	136,900	-332,000	-195,100
131,100		136,900	-332,000	-195,100
131,100		136,900	-332,000	-195,100

FAIRER CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
	DIRECTOR OF FINANCIAL SERVICES			
173,600	DIRECTOR OF FINANCE	177,200	-4,400	172,800
762,000	FINANCE CORPORATE COSTS	3,417,800	-5,000	3,412,800
935,600		3,595,000	-9,400	3,585,600
	ACCOUNTANCY, SYSTEMS & EXCHEQUER			
291,100	FINANCE EXCHEQUER	303,700	-	303,700
594,200	ACCOUNTANCY	722,900	-	722,900
885,300		1,026,600	-	1,026,600
	PROCUREMENT, RISK & INSURANCE			
154,300	PROCUREMENT	162,600	-	162,600
314,000	VOLUNTARY GRANTS	290,000	-	290,000
129,400	INSURANCE & RISK	141,800	-	141,800
50,300	FRAUD INVESTIGATIONS	55,200	-	55,200
648,000		649,600	-	649,600
	AUDIT			
215,100	INTERNAL AUDIT	185,000	-	185,000
215,100		185,000	-	185,000
	PROPERTY SERVICES			
-5,228,700	PROPERTY HOLDINGS	238,800	-5,279,600	-5,040,800
330,900	SUPPORT SERVICES	405,500	-2,000	403,500
-4,897,800		644,300	-5,281,600	-4,637,300
	BENEFITS & REVENUES			
152,900	REVENUES	832,600	-620,600	212,000
516,400	HB ADMINISTRATION	1,009,700	-537,700	472,000
230,300	HB CONTROL & DEVELOPEMENT	255,800	-	255,800
-310,600	HB SUBSIDY	44,235,000	-44,473,200	-238,200
589,000		46,333,100	-45,631,500	701,600
	HOUSING SERVICES			
95,200	HOUSING ADVICE	343,100	-181,600	161,500
303,700	TEMPORARY ACCOMMODATION	3,747,900	-3,354,200	393,700
15,000	HOUSING ALLOCATIONS	33,000	-12,000	21,000
193,000	RENT DEPOSIT SCHEME	254,500	-10,000	244,500
904,100	SUPPORT SERVICES	1,059,700	-43,400	1,016,300
1,511,000		5,438,200	-3,601,200	1,837,000
-113,800		57,871,800	-54,523,700	3,348,100

GREENER CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
	DEVELOPMENT MANAGEMENT			
568,100	DEVELOPMENT MANAGEMENT	2,026,800	-1,414,300	612,500
-88,200	LOCAL LAND CHARGES	138,400	-219,700	-81,300
479,900		2,165,200	-1,634,000	531,200
	ECONOMIC DEVELOPMENT AND IMPLEMENTATION			
279,900	ECONOMIC DEVELOPMENT & IMPLEMENTATION	558,100	-310,000	248,100
279,900		558,100	-310,000	248,100
	BUILDING CONTROL			
94,700	BUILDING CONTROL	595,400	-472,500	122,900
94,700		595,400	-472,500	122,900
	PLANNING POLICY			
718,700	PLANNING POLICY	958,000	-300	957,700
718,700		958,000	-300	957,700
	CAR PARK OPERATIONS			
-5,018,600	CAR PARKS	1,960,500	-7,828,300	-5,867,800
109,800	PARKING SUPPORT	136,700	-	136,700
-56,400	PARK AND RIDE	355,200	-402,600	-47,400
-4,965,200		2,452,400	-8,230,900	-5,778,500
-3,392,000		6,729,100	-10,647,700	-3,918,600

SAFER CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
OPERATIONS				
1,972,200	WASTE & GARDEN COMPOSTING	2,456,400	-509,700	1,946,700
-463,400	TRADE WASTE	1,012,700	-1,526,400	-513,700
242,500	RECYCLING	3,630,200	-3,025,500	604,700
381,000	VEHICLE MAINTENANCE WORKSHOP	471,500	-63,200	408,300
2,132,300		7,570,800	-5,124,800	2,446,000
STREET CARE AND PERFORMANCE				
151,400	PUBLIC CONVENIENCES	159,200	-	159,200
-199,900	MARKET	411,000	-593,700	-182,700
1,530,000	STREET CLEANING	1,709,700	-84,000	1,625,700
102,000	STREET SERVICES	211,800	-103,800	108,000
194,700	SERVICE DEVELOPMENT TEAM & NICE	184,800	-	184,800
272,400	FREIGHTER HOUSE DEPOT	276,100	-5,000	271,100
971,300	CUSTOMER & BUSINESS SUPPORT	1,002,500	-	1,002,500
3,021,900		3,955,100	-786,500	3,168,600
BUILDING SERVICES				
474,900	BUILDING SERVICES - SUPPORT	504,200	-	504,200
1,151,100	BUILDING SERVICES - PROPERTIES	1,350,200	-183,100	1,167,100
251,300	ENERGY & CONTRACT MANAGEMENT	243,800	-	243,800
80,600	PRINT UNIT	96,400	-12,000	84,400
1,957,900		2,194,600	-195,100	1,999,500
PUBLIC HEALTH AND PROTECTION SERVICES				
47,800	HIGHWAYS	41,900	-	41,900
-4,100	SCIENTIFIC	36,900	-43,000	-6,100
-218,900	LICENSING	173,800	-379,200	-205,400
-3,600	BUSINESS COMPLIANCE	7,600	-12,500	-4,900
18,800	PUBLIC HEALTH PROTECTION	117,400	-90,000	27,400
27,600	HEALTH & SAFETY	27,600	-	27,600
-5,100	PEST CONTROL	18,500	-23,600	-5,100
1,391,100	PUBLIC HEALTH & PROTECTION SUPPORT	1,470,900	-26,600	1,444,300
264,700	CCTV	375,000	-95,800	279,200
107,300	COMMUNITY SAFETY	136,700	-27,300	109,400
10,600	HOUSING STANDARDS	46,400	-36,500	9,900
5,000	ANIMAL WELFARE	16,200	-14,600	1,600
1,641,200		2,468,900	-749,100	1,719,800
PARKS AND GREEN SPACES				
-5,300	ALLOTMENTS	16,600	-23,600	-7,000
484,000	CUSTOMER & BUSINESS SUPPORT	509,600	-	509,600
40,000	HYLANDS PARK & ESTATE	79,200	-34,200	45,000
106,000	PARKS GARDENS & RECREATION GROUNDS	128,100	-48,300	79,800
123,400	PLAY AREAS	126,400	-	126,400
-57,700	PARKS EVENTS & ACTIVITIES	1,300	-65,400	-64,100
-95,500	OUTDOOR SPORTS & PLAYING FIELDS	270,600	-367,500	-96,900
76,800	TREE INSPECTION & MAINTENANCE	104,000	-3,700	100,300
-5,900	NATURAL&SEMI NATURAL GREEN SPACE, COMMON	15,400	-27,000	-11,600
-900	AMENITY GREEN SPACE&OTHER GREEN INFRASTR	177,600	-178,600	-1,000
1,968,100	GROUND MAINTENANCE OPERATIONS	2,513,800	-456,700	2,057,100
177,800	GROUND MAINTENANCE - CREMATORIUM	185,100	-	185,100
-1,462,900	CEMETERY AND CREMATORIUM	592,200	-2,057,500	-1,465,300
1,347,900		4,719,900	-3,262,500	1,457,400
LEISURE AND HERITAGE SERVICES				
-25,700	DOVEDALE SPORTS CENTRE	188,500	-216,800	-28,300
193,700	CHELMSFORD SPORTS AND ATHLETIC CENTRE	827,800	-569,400	258,400
-566,000	RIVERSIDE ICE AND LEISURE	3,272,900	-3,735,600	-462,700
340,000	SOUTH WOODHAM FERRERS LEISURE CENTRE	1,096,200	-716,000	380,200
-	EVENTS	-	-210,000	-210,000
255,800	COMMUNITY SPORTS & WELLBEING	368,400	-109,300	259,100
-158,500	HYLANDS HOUSE & VISITORS CENTRE	1,134,100	-1,190,100	-56,000
39,300		6,887,900	-6,747,200	140,700
10,140,500		27,797,200	-16,865,200	10,932,000

Section 10 Capital Budget Reports

Capital Budgets

This section contains:

- Revisions to Existing Approved Capital Schemes—Details in **Table 15** and **Table 16**
- Revisions to the Asset Replacement Programme 2019/20 and proposals for new budgets for 2020/21 – Details in **Table 17** and **Table 18**

Introduction

The capital programme for 2019/20 identified in **Section 10** of this report reflects updated information in December 2019.

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

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

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

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

Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in **Table 15** reflect the latest estimated cost information. The total estimated cost is £84.853m.

A summary of variations for the current approved total scheme costs across all years is a net increase of £1.583m. Proposed increases in budget will require approval. Details of the £1.583m net increase are shown in **Table 15** with further details in **Table 16** where those variations are in excess of £25k.

Asset Replacement Programme

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

Previously asset replacements have been approved as part of the overall programme. A decision has been taken to challenge the need for scheduled replacements to take place, and although an estimated overall cost of the asset replacement programme will be kept for forward planning purposes to enable the monitoring of the resource position, approval of individual items will be on an annual basis.

2019/20 Asset Replacements

Table 17 provides details of the 2019/20 asset replacement programme. The current approved programme is £4.178m. It has now been identified that £714k is required to be rephased to

2020/21, due to services deferring or delays in acquiring the assets. These assets require approval to be rephased to 2020/21. Details of these delays are provided in **Table 18**.

Table 17 also shows a net change in scheme costs, a net increase of £111k. Increases to individual budgets will require approval. **Table 18** provides further details for those variations in excess of £25K.

After allowing for the above adjustments, **Table 17** shows the total proposed budget requirement for 2019/20 as £3.353m.

2020/21 Replacements

As stated above £714k will need to be rephased from 2019/20 to acquire the assets in 2020/21. This is shown in **Table 17**.

Table 17 provides details of the new asset replacements for 2020/21 which total £3.473m. Included within this figure is a sum of £56k for the replacement of a tractor, which for operational reasons will need to be delivered in April 2020. Due to the long lead in time for this vehicle, the service need to raise an order before 2020/21 and Cabinet approval in January 2020 of the budget would ensure timely delivery. The balance is for approval by Council in February 2020.

After the above adjustments, **Table 17** shows the total proposed budget requirement for 2020/21 as £4.879m.

Capital and Revenue Resources

The Council funds its capital programme from leasing, contributions, government grants, capital receipts, revenue contributions (Asset Replacement Reserve) and Internal Borrowing.

The Capital and Investment Strategy 2020/21 identifies the capital resources position and the Medium Term Financial Forecast in **Section 6** identifies the revenue budget position allowing for financing costs.

The Prudential Indicators are detailed in the Capital and Investment Strategy 2020/21.

		CAPITAL SCHEMES			VARIATION IN TOTAL CAPITAL SCHEME COSTS				
		Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval				
Committed Spend to 14th December 2019		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
	Connected Chelmsford								
2,080	1 Museum Heritage Lottery Fund (HLF) Works	1,990	98	2,088		2,088	Completed	Approved at Council February 2017. Scheme cost reviewed in line with HLF award and split of expenditure between capital and revenue has changed, therefore amount available as capital has reduced. Report taken to September 2017 Cabinet. Additional PM salaries approved July 2018 £29k. Latest forecast cost reported to Museum Project Board October 2018 includes £55k contingency. An additional £10k has been approved by delegation and funded by S106 for works required by the HLF. An additional £2k approved by Cabinet November 2019.	
63	2 Museum Oaklands Park External Works and Signage	71	10	81		81	Yes	Supplementary estimate approved for new scheme 29/4/19. Additional estimate approved £10k September 2019 to be funded by S106.	
	Fairer Chelmsford								
3,538	3 Acq. Land Wharf Road and Future Development	5,000	-664	4,336		4,336	In Negotiations	Approved Council July 2016.	
1,149	4 Enabling Lockside Growth Area	450	4,050	4,500		4,500	In Negotiations	Report taken to Cabinet in March 2018 for £4.5m recommended to go on for Council approval. Urgency approval has been granted for £450k. Scheme approved by Council July 2018.	
	5 Homelessness Initiatives - unallocated		567	567		567	Under Review	Unspent budget following the completion of the Modular Unit schemes	
805	6 Investment for Future Development - Riverside Demolition	940	30	970		970	Under Review	Approved at Cabinet June 2018. Additional £30k approved at Cabinet November 2019.	
11	7 Acquisition of Land adjacent to Waveney Drive	11		11		11	Yes	Supplementary estimate approved March 2019	
20	8 Galleywood Hall Development Industrial Units	1,200		1,200		1,200	Under Review	Approved at Council February 2019	
	9 Bridge Repairs	300		300		300	Yes	Approved at Council February 2019	
	10 Land Acquisition Cemetery/Crematorium	1,800		1,800	1,800	3,600	Under Review	Approved at Council February 2019	
	11 Refurbishment Bancrofts Road Office	30		30		30	NEW Yes	Approved Cabinet 19/11/19. Forecast to generate additional income of £15k per annum from rent.	
5	12 Acquisition of Investment Property	3,600		3,600		3,600	NEW Yes	Approved by Council 22/1/2020	
	Safer Chelmsford								
39	13 Mayor's Parlour Refurbishment	49	-9	40		40	Completed	Approved supplementary estimate February 2018.	
330	14 Coval Lane Window Replacement	250	100	350		350	Yes	£250k approved Council February 2019. Additional £100k approved at Cabinet July 2019.	
158	15 Community Safety Partnership Hub	171		171		171	Completed	Approved supplementary estimate May 2018.	
11	16 Community Flood Improvements	184		184		184	Under Review	Capital grant received to enable the works to be completed. The budget will be included for approval with the Capital report being taken to June Cabinet 2017. Scheme approved at June Cabinet and included in approved programme.	

Table 15

			Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval						
			Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget					
Committed Spend to 14th December 2019								Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative			
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s					
29	17	Legionella Safety Works Showers and Changing Rooms Various	94		94		94	Yes	£94k approved Council February 2019			
	18	Hylands Park North Kiosk Toilet Refurbishment	60		60		60	Yes	£60k approved Council February 2019			
112	19	Hylands Estate Structural Work to Pleasure Garden Pond	147		147		147	Yes	£147k approved Council February 2019			
11	20	Hylands' Hanbury Memorial Garden	45		45		45	NEW	Yes	Approved via supplementary estimate 2/9/19 funded by a contribution from The Friends of Hylands House (FOHH)		
255	21	S106 Parks and Open Spaces	271	-8	263		263	Yes	Approved delegation S106 report taken to Council in July. Schemes fully funded by S106. £23k scheme removed as funding being used for 22 below. Additional budget approved for Bellmead Bridge, supplementary estimate approved for £15k September 2019 to be funded from S106 contribution.			
10	22	CIL Landscape Enhancement Scheme Chignal Road	11		11		11	Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.			
	23	CIL Parks and Open Space	6		6		6	NEW	Yes	£6k CIL funding approved July 2019 for Coronation Park Basketball Court.		
	24	CIL Savernake Road Scout Hut Replacement Windows	4		4		4	NEW	Yes	Approved via delegation as per CIL report March 2019 £4k for windows, CCC owned building.		
521	25	Chelmsford Indoor Market Refurbishment	500	200	700		-50	650	No	Approved supplementary estimate February 2018. Scheme design is still to be finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling.		
39,705	26	Riverside Ice and Leisure Centre Scheme	950	39,216	40,166		40,166	Completed	£700,000 approved Council July 2015. £60,000 budget vired to fund conversion of outdoor pool to car park. £180K approved April Cabinet for Project Manager and a further £945K approved June Cabinet for the design to RIBA stage 7. £400K approved at October 2016 Cabinet for early enabling works (main contractor). Additional £1m approved Cabinet April 2017 for early works. Additional early works required a further £500k, approved in June. £250k approved for Cafe fit out at Council February 2018. Full scheme cost excluding cafe approved at July 2018 Council as £35.216m. Additional £4.5m approved at February 2019 Council. Additional £200k approved by Cabinet November 2019.			
39	27	Riverside Changing Places Grant - Sensory Equipment	55		55		55	Completed	ECC have awarded a £40k grant for installation of sensory equipment in the new pool facility. A £15k grant was received in 2017/18 and will be used to purchase dryside changing equipment.			
17	28	Riverside Changing Places Grant - Pool Pod	17		17		17	NEW	Completed	£17k Pool pod approved via supplementary estimate 12/7/19 with £14k funding from ECC Changing Places Grant		
35	29	Dovedales - Grant for Works	21	14	35		35	Completed	£21,000 approved via Supplementary estimate October 2017 for replacement sports hall floor 50% contribution. £24k approved at Council 2018 for grant towards replacing radiant heating. Cost of works reduced budget adjusted.			
29	30	Dovedales - Grant for Works 2019/20	32	2	34		34	Completed	Approved at Council February 2019 contribution towards new studio. Additional £2k approved November 2019 cabinet based on actual spend.			
104	31	SWFLC Wet Changing Rooms Upgrade Phase 2	104		104		104	Yes	£104k approved at Council February 2019			
	32	CSAC Refurbishment of Changing Room	42		42		42	Yes	£42k approved at Council February 2019			
63	33	Hylands House Refurbishment First Floor Accommodation	174		174		174	Yes	£174k approved at Council February 2019 3 year programme for refurbishment			
	34	Hylands House Refurbishment Terrace Room	35		35		35	NEW	£35k approved via supplementary estimate December 2019. Scheme funded by contribution from Friends of Hylands House			

			Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval				
			Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget			
Committed Spend to 14th December 2019								Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s				
	Greener Chelmsford									
1,667	35 Flood Alleviation Scheme	6,100	400	6,500		6,500	Under Review	Increased cost of scheme from EA now capped at £6.5 million approved Cabinet July 2013		
1,697	36 City Centre Public Realm Work - Half Moon Square	250	1,447	1,697		1,697	Completed	Additional budget £120,000 approved by Cabinet September 2014 to cover the cost of preliminary works. £1.2m approved at February Council for the works to Half Moon Square. Further £275,000 approved by Cabinet October 2015. The cost of these works are to be funded by S106. Project Manager still to provide details of final cost of scheme. There are still outstanding works to be completed. An additional budget was approved at July Council for £67k to be funded from S106. The scheme is complete.		
154	37 Public Realm Wayfinding Signs	50	104	154		154	Completed	£102,000 supplementary estimate approved April 2016. This additional cost will be funded by £52,000 ECC and £50,000 S106.		
18	38 Public Realm Wayfinding Signs Phase 2	310	-155	155		155	Unspecified	Approved at Council February 2018. Two year programme to go ahead only if funding is secured from ECC and CIL. CIL funding of £78k approved January 2019, funding not secured from ECC therefore scheme reduced.		
4,158	39 Public Realm Mill Yard Works	34	4,291	4,325		-167	Completed	A budget of £101,000 was approved for the design of this scheme via Director of Sustainable Communities delegated authority. An additional £138,000 was approved via supplementary estimate December 2015. At February 2016 Council a further £2,661,000 was approved for this scheme to progress. This scheme will progress on the basis of no cost to CCC with the funding coming from LEP. An additional £900K was approved at Council February 2017. This increase is to be entirely funded from LEP and S106. There is also an additional £400k funding from CIL which has been approved by Council in July 2017 and £100K S106. This additional £500k funding spend has brought the budget for the scheme to £4.3m. This scheme was programmed to complete by the end of March 2018. The majority of the works are now complete but the site has not been handed back to Abellio Greater Anglia. The scheme is complete but negotiations are currently being undertaken with the contractor to agree the final cost of the works.		
57	40 Public Realm Tindal Square Design	160		160		160	No	Approved at Council February 2018. The design works will not be completed until 2019/20.		
21	41 Public Realm City Centre Greening/Tree Planting	115		115		115	Yes	Approved at Council February 2018. Three year programme.		
54	42 HIF Bid Link Road design		250	250		250	Unspecified	Virement from 3 above sum allocated for HIF bid design works		
1,650	43 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.		
708	44 S106 Beaulieu Park Station 2nd Phase	2,917		2,917		2,917	Unspecified	£2.917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.		
67	45 S106 Public Art Mill Yard	70		70		70	Yes	£70k approved via delegation March 2018. Expenditure to be funded by S106.		
590	46 S106 Beaulieu Sports Facility	477	834	1,311		1,311	Unspecified	£477k approved by Cabinet in January 2019 with delegation to spend further S106 contributions when received. Additional contributions received and therefore added to approved budget.		
36	47 S106 Public Art Bond Street	44		44		44	Yes	Approved by delegation February 2019.		
3	48 S106 Stonebridge Illuminations	37		37		37	Yes	Approved by delegation April 2019.		
73	49 CIL REFCUS Schemes 18/19	69	83	152		152	Unspecified	Various schemes approved July 2018. Revenue Expenditure Funded by Capital Under Statute (REFCUS). Additional £42k approved by Cabinet November 2019.		
33	50 CIL REFCUS Schemes 19/20	72	30	102		102	£30k NEW Yes	Scheme approved April 2019 £72k. Revenue Expenditure Funded by Capital Under Statute (REFCUS). NEW £30k various CIL schemes approved July 2019.		
51	51 CIL Sutherland Lodge Refurbishment	525		525		525	Under Review	Approved Council July 2017.		
48	52 CIL North Avenue Youth Centre Grant	41	15	56		56	£15k NEW Yes	Approved CIL funding April 2018. NEW Additional £15k CIL funding approved July 2019.		

		Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval			
Committed Spend to 14th December 2019		Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
	53 CIL St Andrew's Scout Hut Building	80		80		80	Yes	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.
52	54 CIL Langton Ave Community Centre Grant Phase 2	52		52		52	NEW Yes	CIL funding approved July 2019
10	55 CIL Moulsham Lodge Community Centre Café (MLCT)	10		10		10	NEW Yes	CIL funding approved July 2019
1	56 CIL Sanctus First Floor Refurbishment Grant	15		15		15	NEW Yes	CIL funding approved July 2019
	57 CIL Homelessness Day Centre CHESS New London Rd	300		300		300	NEW Yes	CIL funding approved July 2019
7	58 High Chelmer Multi Storey Car park (HCMSCP) Movement Joints	105		105		105	No	Approved at Council February 2017. Scheme will not complete until September 2018 as there have been other priorities. These works are now being carried out with the drainage works and should be completed by 31/3/20.
6	59 HCMSCP Drainage Improvements	31		31		31	No	Approved at Council February 2018.
49	60 Enabling Role - Housing	3,841	-3,604	237		237	Under review	Budget reduced as vired to fund temporary accommodation - see scheme no. 5. The remaining balance is for a previously agreed payment to CHP. It is not anticipated that this budget will be spent until 2020/21.
60,298	Grand Total	34,419	48,851	83,270	1,583	84,853		
				Net Variation	1,583			
Summary of Changes Since Previous Council Reports July 2019								
						£000's		
Latest Approved Council July 2019						90,873		
New Schemes Approved						559		
Supplementary Estimates Approved for Existing Schemes						4,735		
Completed schemes removed						-12,897		
Total Approved Budget						83,270		
Latest Forecast Variations shown above (Increased Budgets Require Approval)						1,583		
Latest Forecast Budget December 2019						84,853		

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME																		
2019/20											2020/21							
2019/20 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE											2020/21 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS							
VARIATION FROM 2019/20 BUDGET ONLY											2020/21 BUDGET							
Committed Spend to 14/12/2019	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2019/20	Additional/Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2019/20	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2019/20 Additional Budget	Forecast Outturn 2019/20	Original Approved Estimate 2020/21	Additional/Reduced (-) Approved Budget	Reason for Change - see key below	Variations				
														Re phasing from 2019/20 - Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Budget Asset Replacements Requires Approval	Total Proposed Budget Requirement for 2020/21	
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
	Connected Chelmsford																	
120	1 Digital Services Replacement Programme	390			390	-143		-111	-254	136				0	143		199	342
	Financial Module of Enterprise Resource Planning (ERP)	272	-50	V	222	-38			-38	184				0	38			38
	3 Civica System Upgrade	36			36	-36			-36	0				0	36			36
10	4 Leisure Management System	10			10				0	10				0				0
82	5 Theatres' Fire Alarm Replacement	87			87				0	87				0				0
	6 Theatres' Equipment				0				0	0				0			149	149
	7 Cramphorn Theatre Replacement Floor													0			17	17
	Fairer Chelmsford																	
	No Schemes				0				0	0				0				0
	Safer Chelmsford																	
16	8 CCTV Replacement Equipment	65	1	PV	66	-50			-50	16				0	50			50
25	9 CCTV Replacement Cameras	58	4	PV	62	-37			-37	25				0	37		31	68
	10 CCTV Various Schemes Sites CIL	15	49	SEG	64	-64			-64	0				0	64			64
	11 CCTV Maldon DC Joint Procurement		79	SEG	79	-79			-79	0				0	79	-10		69
	12 Crematorium Equipment	6			6	-6			-6	0				0	6		11	17
	13 Crematorium Columbarium				0				0	0				0			14	14
182	14 Civic Centre Alarm	193			193				0	193				0				0
	15 Civic Centre Boiler Flues	32	-32	PH	0				0	0			32	PH	32			32
14	16 Civic Centre Building Management System	50			50				0	50				0				0
	17 Print and Post Room Replacement Equip.		18	SEN	18				0	18				0			25	25
	18 Dovedales Replacement Equipment	5			5	-5			-5	0				0	5			5
30	19 Riverside Replacement Equipment	30			30				0	30				0			80	80
32	20 Riverside Ice Rink Barrier	16	23		39				0	39				0				0
15	21 CSAC Replacement Equipment	24			24				0	24				0			52	52
	22 CSAC Flood lights	29	-29	PH	0				0	0			29	PH	29			29
5	23 SWFLC Replacement Programme	5			5				0	5				0			58	58
11	24 CSAC Plant Replacement	11			11				0	11				0				0
10	25 SWFLC Plant Replacement	16	-4	PH	12				0	12			4	PH	4		15	19
43	26 Riverside Plant Replacement	44			44				0	44				0			40	40
50	27 Hylands Pavilion Audio Visual Equipment	57			57				0	57				0				0
	28 Hylands Pavilion Replacement Flooring				0				0	0				0			48	48
224	29 Play Area Replacements	247			247				0	247				0				0
9	30 Accessible Play Equipment		15	SEG	15				0	15				0				0
	31 Sports Equipment, floodlights, Irrigation	10			10	-10			-10	0				0	10			10
258	32 Parks Replacement Vehicles and Equipment	420	-162	PH/IPV	258				0	258		4	197	PH/IPV	201		17	218
	33 PHPS Vehicles - Litter Control Van	24			24	-24			-24	0				0	24			24
	34 PHPS Street Lighting				0				0	0				0			21	21
41	35 Freighter House Plant	68			68				0	68				0				0
15	36 Freighter House Canopy Recycling Bays	13	2	PV	15				0	15				0				0
3	37 Scootas for the Disabled		5	SEN	5				0	5				0			2	2
	38 Retail Market Intruder Alarm	13			13				0	13				0				0

Reasons for Variations Greater Than £25,000 in Asset Replacement Programme							
	Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Percentage Change	Reason
	<u>2019/20</u>						
	<u>Connected Chelmsford</u>						
1	Digital Services Replacement Programme	390	136	-254	Rephasing of Spend/Reduction in Budget	-65.13%	£154k various items rephased to later year. Saving of £111k of which £108k has resulted from the decision to replace the Multi Function Devices (MFD's) with a 3 year lease and click per copy charge, which has resulted in an additional revenue cost of £20k over the 3 years which is included elsewhere in this report.
2	Financial Module of Enterprise Resource Planning (ERP)	222	184	-38	Rephasing of Spend	-17.12%	Review of the project programme has resulted in some of the consultation days being rephased into 2020/21.
3	Civica Upgrade	36	0	-36	Rephasing of Spend	-100.00%	Rephased as supplier is not in a position to progress.
	<u>Safer Chelmsford</u>						
8,9,10,11	CCTV	271	41	-230	Rephasing of Spend	-84.87%	All the CCTV works are being procured together under one tender. Due to staffing changes within the Legal Department the issuing of the tender has been delayed and the works will now not be carried out until 2020/21.
46	Hit Squad Replacements	50	0	-50	Rephasing of Spend	-100.00%	Unable to source the required vehicle therefore budget rephased to 2020/21.
48	Recycling Vehicles	35	0	-35	Rephasing of Spend	-100.00%	Unable to guarantee delivery before the end of March therefore budget rephased to 2020/21.
	<u>Greener Chelmsford</u>						
57	Car Park CCTV Upgrade	137	0	-137	Rephasing of Spend	-100.00%	All the CCTV works are being procured together under one tender. Due to staffing changes within the Legal Department the issuing of the tender has been delayed and the works will now not be carried out until 2020/21.
	<u>2020/21</u>						
	<u>Connected Chelmsford</u>						
1	Digital Services Replacement Programme	0	155	155	Rephasing of spend	100.00%	See details provided above.
2	Financial Module of Enterprise Resource Planning (ERP)	0	38	38	Rephasing of Spend	100.00%	See details provided above.
3	Civica Upgrade	0	36	36	Rephasing of Spend	100.00%	See details provided above.
	<u>Safer Chelmsford</u>						
8,9,10,11	CCTV	0	230	230	Rephasing of Spend	100.00%	See details provided above.
46	Hit Squad Replacements	0	50	50	Rephasing of Spend	100.00%	See details provided above.
48	Recycling Vehicles	0	35	35	Rephasing of Spend	100.00%	See details provided above.
	<u>Greener Chelmsford</u>						
57	Car Park CCTV Upgrade	0	137	137	Rephasing of Spend	100.00%	See details provided above.

CABINET
28 January 2020

AGENDA ITEM 8.4

Subject	COUNCIL TAX – CHANGES TO CHARGES FOR EMPTY PROPERTIES
Report by	CABINET MEMBER FOR FAIRER CHELMSFORD

Enquiries contact: Rob Hawes, 01245 606695, robert.hawes@chelmsford.gov.uk

Purpose

To agree to use legislative powers to further increase the Council Tax payable by owners of long term empty properties

Options

1. To increase the Council Tax premium charged on properties which have been empty for 5 years or more from 100% to a maximum of 200% from 1 April 2020.
2. To increase the Council Tax premium charged on properties which have been empty for 10 years or more to a maximum of 300% with effect from 1 April 2021.

Recommendations

- | | |
|----|---|
| 1. | That Cabinet recommends to Full Council that an Empty Homes premium of 200% as specified in section 11B of the Local Government Finance Act 1992 (as amended), be levied on dwellings which have been unoccupied and substantially unfurnished for more than 5 years immediately before the day in question (i.e. “long term empty dwellings”), the total charge to be 300% of the Council Tax that would be payable if the dwelling was occupied by two adults and no discounts were applicable. To take effect from 1 April 2020 . |
| 2. | That Cabinet recommends to Full Council that an Empty Homes premium of 300% as specified in section 11B of the Local Government Finance Act 1992 (as amended), be levied on dwellings which have been unoccupied and substantially unfurnished for more than 10 years immediately before the day in question (i.e. “long term empty dwellings”), the total charge to be 400% of the Council Tax that would be payable if the dwelling was occupied by two adults and no discounts were applicable. To take effect from 1 April 2021 . |

Corporate Implications	
Legal:	Section 11B of the Local Government Finance Act (as amended by the Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018 gives billing authorities discretion to charge a higher amount of council tax in respect of properties empty for longer than specified amounts of time. The Act specifies the maximum premium which can be charged in each case.
Financial:	Whilst additional Council Tax receipts may accrue, they will be relatively small and the policy intent is actually to encourage owners to bring empty property back into use.
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
Equalities and Diversity: (For new or revised policies or procedures has an equalities impact assessment been carried out? Y/N)	No
Health and Safety:	None
IT:	None
Other:	

Consultees	<p>Director of Financial Services</p> <p>There is no requirement to consult with residents regarding increasing the premium charge. However, there is a requirement to publish details of any change in a local newspaper within 21 days of the decision, although a failure to do so does not affect the validity of that decision.</p>
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Policies and Strategies
<p>The report takes into account the following policies and strategies of the Council:</p> <p>Revenues Hardship Policy</p>

1. Introduction

1.1 At its meeting on 27 February 2019, the Council agreed to make use of a discretionary power to increase the amount of Council Tax levied on properties which have been empty for more than two years.

1.2 Since 1 April 2019, properties empty for two years or more have been charged a premium equivalent to 100% of the Council Tax which would have been payable if the property were occupied by two adults and no other discounts were applicable. Effectively, the Council Tax payable is doubled. The legislation allows for further increases to be implemented on 1 April 2020 and 1 April 2021 as long as the Council makes a determination to that effect.

2. Long Term Empty Premium

2.1 The Rating (Property in Common) and Council Tax (Empty Dwellings) Act 2018 amended s11B of the Local Government Finance Act 1992 and allows councils to increase the additional premium which can be charged on long term empty properties.

2.2 The ability to increase the premium is being introduced in stages. The Council decided to implement the first stage in 2019/20. Properties empty for more than 2 years are currently subject to a 100% premium. From 2020/21, a premium of 200% can be imposed on properties empty for 5 years or more, meaning that owners will pay 3 times the normal Council Tax. From 2021/22, a premium of 300% can be levied on properties empty for 10 years or more meaning that owners would be charged 4 times the normal Council Tax.

2.3 There are currently 43 properties which have been empty for 5 years or more, of which 18 have been empty for more than 10 years, although this number fluctuates. Assuming an average Band D charge, increasing the premium in 2020/21 would raise an additional £76,000, of which Chelmsford CC's share would be £8,400. Implementing the additional premium for properties empty for 10 years or more in 2021/22 would raise a further £31,900pa at current rates, with £3,500 of that due to CCC.

2.4. Whilst additional revenue is welcome, the main reason for increasing Council Tax in respect of empty homes is to incentivise owners to bring properties back into use, thereby reducing their liabilities and helping to reduce the housing pressure that residents face.

2.5 Empty properties can also require a disproportionate amount of public resources. They can become an environmental nuisance or the focus for anti-social behaviour and neighbour complaints.

3. Conclusion

3.1 Increasing the Long Term Empty Premium in respect of properties empty for five years or more to 200% with effect from 1 April 2020 and, subsequently to 300% in respect of properties empty for ten years or more from 1 April 2021 is a proportionate approach to the problem of empty properties, especially given the pressure on housing in Chelmsford. It is hoped that

increasing the cost of leaving a property empty long term will encourage owners to bring properties back into occupation. If it does not, then the additional Council Tax levied will help to mitigate the issues that empty properties can create.

List of Appendices

Nil

Background Papers

Cabinet agenda item 6.3 29 January 2019 – Council Tax - changes to charges and discounts for empty properties

<p>CABINET 28 January 2020</p> <p>AGENDA ITEM 8.5</p>	
Subject	VULNERABLE PERSONS RESETTLEMENT SCHEME – ARRANGEMENTS FOR APPROVING COMMUNITY SPONSORSHIP RESETTLEMENT PROJECTS
Report by	CABINET MEMBER FOR FAIRER CHELMSFORD
<p>Enquiries contact: Paul Gayler, Strategic Housing Services Manager Paul.gayler@chelmsford.gov.uk</p>	
<p>Purpose To provide appropriate support to voluntary groups who wish to offer assistance to families seeking accommodation from Syria and surrounding areas under the government's Community Sponsorship Resettlement Programme</p>	
<p>Options Applications to the Home Office need to be approved by the relevant local housing authority. Guidance suggests that this can be granted under delegation by an officer of the Council if agreed by Members</p>	
<p>Recommendations</p> <p>That Members agree that the power to approve the current and all future applications under the Vulnerable Persons Resettlement Scheme be delegated to the Director of Financial Services, in consultation with the Cabinet Member for Fairer Chelmsford.</p>	
<p>Corporate Implications</p>	
Legal:	The government's Community Sponsorship Scheme requires all community groups seeking to provide accommodation and support to families resettled in England to be approved by the relevant local authorities with responsibility for housing, social care and education. For local groups in Chelmsford, this would be Chelmsford City Council and Essex County Council. Both local authorities have to be satisfied that adequate arrangements have been made and also consider their other legal duties in the event that these arrangements may break down. For Chelmsford City Council this would involve its duties to those who could be homeless.
Financial:	Financial implications would only arise if proposed arrangements were to breakdown, otherwise none.

Potential impact on climate change and the environment:	None
Contribution toward achieving a net zero carbon position by 2030:	None
Personnel:	None
Risk Management:	The intention of the government's checklist for requirements before granting approval is to manage the risk of placements not being suitable and sustainable. Local authorities granting approval therefore need to be satisfied that these risks have been considered and appropriate measures put in place by organisations seeking approval.
Equalities and Diversity: (For new or revised policies or procedures has an equalities impact assessment been carried out? Y/N)	The application takes into account all relevant factors that may be needed to help those with protected characteristics achieve a successful resettlement. Local authorities therefore need to be aware of the extent to which all requirements have been considered and the vulnerability as well as the possible duty to families if planned arrangements fail.
Health and Safety:	These are included within the government's guidance and should be complied with by those seeking sponsorship.
IT:	None
Other:	None
Consultees	Essex County Council -
Policies and Strategies	

1. Introduction

1.1 The government announced proposals in 2015 for the resettlement of 20,000 people from Syria and other areas affected by conflict through the Vulnerable Persons Resettlement Scheme.

1.2 There are several different types of projects that sit under this heading. One is the local housing authority offer which this Council is working in partnership with CHP as its main provider of social housing in the district. Another option is Community Sponsorship. Both are coordinated and require support from upper tier local authorities, such as Essex County Council, ensuring that social care, access to health and education are adequately included.

1.3 The Community Sponsorship approach is a way that local community groups can be involved in supporting the resettlement process, arranging both the accommodation and community-based support for a family as an alternative to this being provided through statutory bodies such as the local housing and social care authorities.

2. How Does Community Sponsorship Work?

2.1 Community Sponsorship is an innovative approach, recognising the significant contribution many local voluntary and faith-based groups have made in supporting refugees, complementing and in some cases replacing the services provided by statutory organisations.

2.2 A local group working as a community sponsor may have strong ties to a local community, helping families settle and benefit from the wide range of services and knowledge that local volunteers can call upon. Being a single point of contact for a family can bring advantages but it does also mean that any local group wishing to embark on this must understand the scope of their responsibility, which includes meeting families at the point of entry into the country, providing suitable housing, arranging access to medical and social care services, help with translation and language tuition, and support into training, education and employment.

2.3 Groups wanting to be involved must be approved by the Home Office and be either a registered charity or a Community Interest Company and satisfy a number of pre-requirements as part of the approval process. This includes sharing their plans with the relevant local authorities, in this case Chelmsford City Council and Essex County Council, so they can consider the possible impact on local services and capacity.

2.4 Written consent from both two-tier authorities must be provided as part of the application process and it is for each local authority to determine the process and format for this. Typically, according to government guidance, it is provided by either the Chief Executive, a relevant Director or Councillor with the authority to grant consent.

2.5 Once consent has been given by the relevant local authorities, the local group can seek approval from the Home Office and progress to the next stage which is when a specific family is selected and proposed for allocation to the sponsor (local group).

3. Current Proposals for Community Sponsorship

- 3.1 A local group was formed in 2016/17 to develop and provide a Community Sponsored project. They have secured approval from Essex County Council in principle and now need to get approval from the Council as the local housing authority.
- 3.2 To date, no property or accommodation provider has been selected and they cannot therefore provide any details under Section 3.1 of their Community Sponsorship Resettlement Plan (Appendix 1).
- 3.3 The lack of any detail about the offer of accommodation may make it difficult for the Council to even consider granting consent in principle. Officers have explained this and offered advice and guidance to help complete this critical section. It is unclear how an application to the Home Office would be viewed if approved in principle by a local housing authority but without any information or detail about the proposed offer of accommodation.
- 3.4 The local group is understandably keen to obtain approval as soon as possible, conscious that the government set a target to resettle 20,000 people by 2020. To date, it is unclear how realistic or achievable proposals are without more detail about either a particular property or at least a process for obtaining accommodation and ensuring it does comply with the necessary requirements.

4. Granting Approval

- 4.1 With knowledge of how difficult it can be to secure suitable, affordable accommodation in the area, officers have offered help with advice, respecting the local group's willingness to help but also retain control over all aspects of the project in the spirit of the Community Sponsorship model.
- 4.2 This could help either finding a suitable property or, at the very least, giving assurance that all of the government's requirements are fully understood and would be met, if approval in principle has to be considered as an option. The criteria for an 'in principle' approval could be detailed and agreed in the absence of anything more substantial and it would give assurance to the Council and others that adequate measures are in place to manage risks.
- 4.3 As mentioned above, there is no specific format for local housing authorities to provide their approval for applications by sponsors to the Home Office. If this could be delegated to an officer it would help reduce future delay, recognising that without any information to date, it would not be reasonable for the Council to entertain even approval in principle at this stage.

5. Conclusion

- 5.1 Members are asked to consider granting delegated authority for the approval of proposed Community Sponsorship programmes under the Vulnerable Persons Resettlement Scheme, reducing delay and supporting local groups in their attempts to provide additional assistance to those being resettled.

5.2 Following government guidance, this is often delegated to either the Chief Executive or the relevant Director. It is therefore proposed that delegation to the Director of Financial Services would be appropriate, having responsibility for the Council's Strategic Housing Service, which in turn has responsibility for the Council's duties to meet housing need, in consultation with the Cabinet Member for Fairer Chelmsford. By granting delegated authority for approval, this would help the officers' dialogue with local groups, expediting approval as soon as officers are satisfied that all relevant criteria will be met.

List of Appendices

Section 3: Community Sponsorship Resettlement Plan; Requirements. 3.1 Accommodation

Background Papers

Community Sponsorship: Guidance for prospective sponsors – HM Government (updated December 2018)

Appendix One

Information requested by Home Office from potential sponsors to be considered by local housing authorities when requested to give approval.

Section 3: Community Sponsorship Resettlement Plan

Requirements

3.1: Accommodation

3.1a. Have you secured a property?

- Yes (please go to question 3.1b)
 No (please go to question 3.2)

3.1b. If you know it, please tell us the earliest date that you think you would be able to welcome a resettled family:

3.1c. Please confirm that the accommodation will be available to the resettled family for two years? (Please note that this is an essential requirement as set out in the 'Statement of Requirements for Sponsors'.)

3.1d. What security of tenure will the resettled family have, for example, a two-year fixed term assured shorthold tenancy?

3.1e. Does the property have independent access and provide adequate privacy to the resettled family? (Please note that this is an essential requirement as set out in the Statement of Requirements for Sponsors.)

3.1f. How much is the rent each month (please state in £)?

3.1g. How much is the Local Housing Allowance (LHA) for the size of property your group has secured (please state in £)?

3.1h. Is the accommodation affordable and sustainable, given the likely social welfare income that the resettled family will receive, taking into account any impact of the Benefit Cap?

- Yes (please provide detail in the space below).
 No (please explain how you will ensure that the resettled family can afford their rent and all other essential household expenditure).

3.1i. Have you invited the local authority to inspect your property, and completed any required works to their satisfaction?

Please provide details of your engagement to date with the local authority regarding the property

3.1j. If the local authority is not planning to inspect the property, please confirm that the property complies with the standards set out in the 'Statement of Requirements for Sponsors'. Please note that this is an essential requirement.

Yes, the property complies with the standards.

Please provide evidence which demonstrates that the property complies with the standards set out in the Statement of Requirements for Sponsors:

3.1k. Please confirm that the property will be appropriately furnished in time for the resettled family's arrival? Please note that this is an essential requirement as set out in the 'Statement of Requirements for Sponsors'.

3.1l. Have you liaised with the police to seek their assurances that they have no objection to a resettled family being housed at this address?

3.1m. How will you ensure that the resettled family are able to raise issues concerning the property with the landlord, bearing in mind the potential language barrier (for example, non-functioning appliances)?

3.1n. following the arrival of the resettled family, what plans do you have for the registration and payment of utilities?

3.1o. Have you created and translated an information/welcome booklet about the accommodation for the resettled family to assist them with settling in, to include for example, health and safety information and details of an emergency contact point?

If no, please explain why you think this is not necessary:

3.1p. What do you anticipate will happen at the end of the two years if the property is no longer available to the resettled family?

3.1q. How would you support the resettled family to find and move into alternative accommodation, if this were to be required?