



Chelmsford City Council Cabinet

30th January 2024

Budget Report 2024/25

Report by:
Leader of the Council

Officer Contact:

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Purpose

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

Options

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

Preferred option and reasons

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

Recommendations

1 That Cabinet recommends to Council the contents of Appendix 1, the budget report, being:

- i. The new Capital investments in Council Services shown in **Section 5**
- ii. The delegations to undertake the new capital schemes identified in **Section 5**, Tables 13 and 13a.
- iii. The Revenue Budgets in **Section 10** and Capital Budgets in **Section 11**

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

1. Background

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

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

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

2. Executive Summary

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

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

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

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

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

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

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

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

3. Conclusion

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

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

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

List of appendices:

Appendix 1 – Budget Report 2024/25

Background papers:

Nil

Corporate Implications

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

Financial: As detailed in the report

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

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

Personnel:

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

Risk Management:

A review of the risks is identified.

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

N/A

Consultees:

Relevant Policies and Strategies:

Capital, Investment and Treasury Management Strategies
2024/25



Budget report 2024/25

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

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

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

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

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

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

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

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

2024/25 Budget

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

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

Table 1

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

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

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

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

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

Summary of actions

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

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

Medium and Long-term Financial Strategy

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

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

Report contents

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

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

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

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

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

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

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

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

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

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

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

**Section 2
Government Funding**

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

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

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

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

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

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

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

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

Retained Business Rate Growth (Above Baseline Funding)

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

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

Government policy on councils using reserves.

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

Homelessness Prevention Grant

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

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

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

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

Future Funding

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

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

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

Section 3
Inflation and Financial Pressures

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

Housing costs

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

Table 3
Example of Subsidy Loss Temporary Accommodation one case

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

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

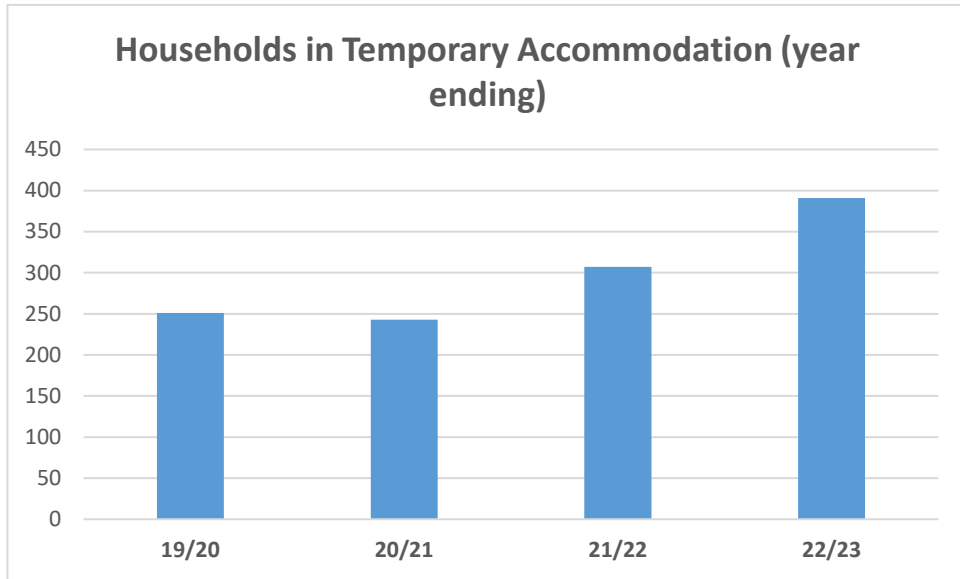
Table 4 below identifies £3.7m being added to the 2024/25 budget for homelessness costs. Of the £3.7m, some £1.7m relates to growth in caseload (and cost) in 2023/24 and the balance, £2m, is the expected growth in caseload and cost in 2024/25.

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

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

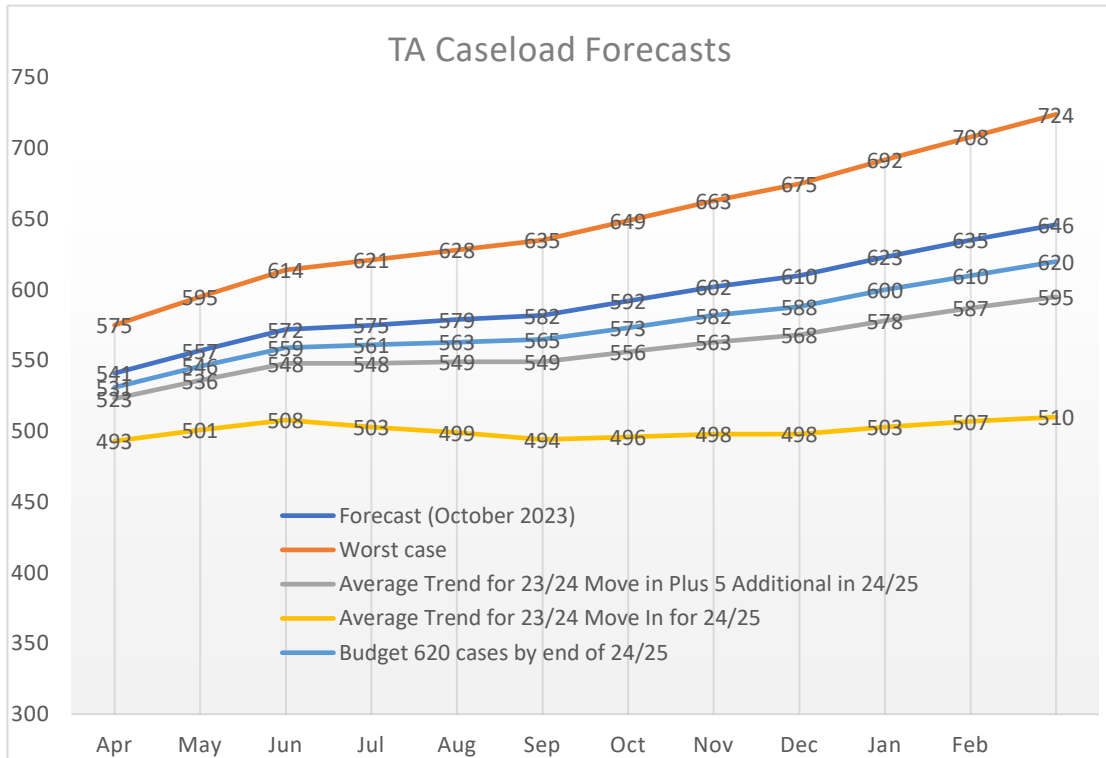
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Table 5a Actual Households in Temporary Accommodation



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

Table 5b



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

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

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

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

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

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

Cost Pressures and Inflation

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

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

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

Notes to Cost Pressures Table 6 above

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

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

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

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

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

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

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

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

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

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

Table 7 Energy cost budgets

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

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

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

Other Costs

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

Table 8 Variations - Other

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

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

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

Table 9 - Variations in One off and Temporary items

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

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

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

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

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

Section 4
Increased Charges, Income and Budget Reductions

Table 10 - Additional Fees and Charges Yield

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

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

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

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

Budget reductions

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

Table 12 Budget reductions

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

Section 5
2024/25 and 2025/26 Service Investment

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

Revenue Funded Service Investments

There are two types:

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

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

Capital Investments in Services

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

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

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

Approval of New Capital Schemes

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

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

Table 13

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

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

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

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

Table 13A

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

Table 13b – New Capital Proposals Narratives

Scheme Proposals to Commence in 2024/25

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

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

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

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

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

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

Delegation to Cabinet to approve the business case.

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

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

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

4. Chelmer Park Floodlight Replacement £37k

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

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

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

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

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

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

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

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

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

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

Net Carbon Zero – introduction of LED lighting.

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

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

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

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

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

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

8. Housing Grant £350k

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

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

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

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

9. Civic Centre Ventilation and Roof Works £30k

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

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

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

Scheme Proposals to Commence in 2025/26

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

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

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

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

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

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

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

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

12. Retail Market Canopy Roof Liquid System £90k

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

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

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

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

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

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

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

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

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

Net Carbon Zero – More efficient heating and plant.

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

Section 6

The impact of Capital Expenditure on the Revenue Budget

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

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

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

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

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

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

A. Direct Revenue Financing of capital schemes

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

B. Borrowing Costs

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

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

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

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

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

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

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

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

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

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

Table 14

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

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

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

Table 14a

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

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

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

Table 15

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

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

Table 16 Strategic CIL table

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

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

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

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

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

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

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

C. Aborted Schemes Feasibility or Design Works

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

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

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

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

Section 7 Budget Forecast & Reserves

Revenue Budget Forecast

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

Table 17

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

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

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

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

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

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

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

Reserves – 2024/25 Original Budget and Forecast.

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

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

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

Table 18 – Reserve Use (excludes transfers between reserves)

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

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

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

The table does not include transfers between reserves.

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

Table 19

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

Usable Reserves Projections

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

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

Section 8

Section 151 Officer Report – Risks & Robust Budget

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

Introduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To deliver these responsibilities the CFO:

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

B) Financial Management Arrangements

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

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

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

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

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

Independent Review of Financial Management is undertaken by:

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

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

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

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

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

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

C) Financial Outlook and Risks

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

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

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

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

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

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

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

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

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

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

D) Level of Reserves and Overall Financial Standing

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

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

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

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

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

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

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

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

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

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

E) Conclusions

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

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

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

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

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

Phil Reeves - S151 Officer/Chief Financial Officer

Section 9
Council Tax & Business Rates

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

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

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

Council Tax Referendums

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

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

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

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

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

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

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

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

Council Tax Surplus or Deficit

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

Business Rate Surplus or Deficit

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

Table 21 Business Rate Surplus of Deficit

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

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

Table 22

CHARGES TO PARISH TIER COUNCIL AREAS

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

Section 10 Revenue Budget

Revenue Service Budgets

This section contains:

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

Table 23 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

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

TABLE 24 - SUMMARY OF REVENUE ESTIMATES

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

Table 25 COUNCIL SERVICE BUDGETS

CHIEF EXECUTIVE

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

CONNECTED CHELMSFORD

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

Please note the figures are not rounded in table 25.

FAIRER CHELMSFORD - CDRM

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

FAIRER CHELMSFORD

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

FINANCE & AUDIT

2023/24 Original Budget £'000		2024/25 Estimated Spend £'000	2024/25 Estimated Income £'000	2024/25 Net Estimate £'000
-	DIRECTOR OF FINANCIAL SERVICES			
	FINANCE MANAGER	-	-	-
1,474	FINANCE CM & DRM	969	-10	959
<u>1,474</u>		<u>969</u>	<u>-10</u>	<u>959</u>
	ACCOUNTANCY, SYSTEMS & EXCHEQUER			
1,088	ACCOUNTANCY	1,110	-2	1,108
<u>1,088</u>		<u>1,110</u>	<u>-2</u>	<u>1,108</u>
	AUDIT			
201	INTERNAL AUDIT	207	-	207
<u>201</u>		<u>207</u>	<u>0</u>	<u>207</u>
<u>2,763</u>		<u>2,287</u>	<u>-13</u>	<u>2,274</u>

GROWING CHELMSFORD

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

GREENER & SAFER CHELMSFORD

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

ACTIVE CHELMSFORD

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

Section 11 Capital Budget

Capital Budgets

This section contains:

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

Existing Approved Capital Schemes

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

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

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

Asset Replacement Programme

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

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

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

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

Asset Replacements

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

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

Capital and Revenue Resources

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

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

Table 26

CAPITAL SCHEMES		VARIATION IN TOTAL CAPITAL SCHEME COSTS								
		Latest Approved Budget - Approved July 2023 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval					
Spend to 31st March 2023	SCHEME DESCRIPTION	Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		£000s	£000s	£000s	£000s	£000s				
	Active									
22	1 Riverside Elevations	2,000		2,000	-1,978	22	Removed - reduces financing cost	Budget Provision Removed	£2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme. October 2023 scheme review Management Team and Informal Cabinet and provision to be removed. Existing spend to be transferred to revenue.	
	2 Dovedales - Grant for Works	28	-2	26		26		Deferred	Approved at Council February 2020 and programmed for 2020/21. To be reviewed with potential refurbishment scheme in 2024/25.	
46	3 Dovedales Sports Centre Refurbishment	1,464		1,464		1,464		Deferred to 2025/26 - reduces loss of interest on use of CIL	Scheme under review	Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford. October 2023 scheme deferred to 2025/26 although work will progress on design.
73	4 Chelmsford Sports and Athletics Centre - Outdoor Track and External Upgrades	350		350	-35	315			Yes	£350k approved at Cabinet October 2022. To be funded from £300k S106.
	5 Chelmsford Sports and Athletics Centre - Gym Improvements	168		168	13	181			Yes	Approved by Council February 2023. Delegated authority to Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford. Scheme delegation signed and works progressing.
	6 South Woodham Ferrers Pool Works and Plant	275		275		275		Deferred to 2025/26 - delays impact of financing cost Deferred to 2024/25 - delays impact of financing cost	No - Agreed to Defer	Approved at Council February 2023. Scheduled for 2024/25. October 2023 Scheme deferred to 2025/26 pending outcome of application for Sport England Funding.
	7 Hylands House Stable Block Toilets	44		44	16	60			Agreed to Defer to 2024/25	Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24. October 2023 following review deferred to 2024/25.
	Connected Chelmsford									
3,133	8 Theatres' Modernisation	1,000	2,246	3,246		3,246	Deferred to 2026/27 - delays impact of financing cost	Main works complete - ongoing snagging and final account to be agreed	Approved at Council February 2021. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. An additional £500k was approved November 2021. A further £1.246m was approved by Council in March 2022 following the return of tenders for the works. £500k approved Cabinet October 2022.	
	9 Oaklands Museum Staff Room and Kitchen Refit	24		24		24		No - Agreed to Defer to 2026/27	Approved by Council February 2023 and scheduled for 2024/25. October 2023 following review rephased to 2026/27	
	Fairer Chelmsford									
161	10 Land Development Site Investigations	365		365	50	415		Programme of works to be determined	Approved Cabinet November 2021.	

Spend to 31st March 2023	SCHEME DESCRIPTION	Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		£000s	£000s	£000s	£000s	£000s				
561	11 Various Land Sites' Disposal Costs	612	255	867		867	Removed to aspirational - reduces impact of financing cost	Under review	Approved Council February 2022. Delegated authority to the director to spend within the approved budget. Additional budget approved £120k February 2023 Council. Council report in July decision taken to transfer some smaller sites rather than develop in house, therefore prior spend will need to be transferred to revenue.	
2,577	12 Enabling Lockside Growth Area+CI I	450	5,506	5,956		5,956		In Negotiations - Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021. Additional £956k approved July Council 2022. October 2023 delay in purchase of properties now delayed until 2024/25.	
1,592	13 Apiary Yard (Galleywood Hall) Development Industrial Units	1,200	432	1,632		1,632		Main Works completed	Approved at Council February 2019. Following a reassessment of the budget £400k was removed. Additional £200k was approved November 2021 due to rising prices of materials and construction. An additional £850k was approved by Council February 2022.	
	14 Land Acquisition Cemetery/Crematorium	1,800	4,200	6,000	-2,000	4,000		To identify potential Land Site	Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council. October 2023 Potential site identified, surveys for suitability being undertaken, budget adjusted for estimated cost of land.	
	15 High Chelmer Roof	1,500		1,500	-1,500	0		Removed to Aspirational	Approved at Council February 2020 and programmed for 2021/22. These works have now been programmed to commence in 2026/27. October 2023 review has resulted in budget being removed.	
962	16 Refurbishment of Commercially Leased Properties	720	1,480	2,200		2,200		No	Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. An additional £380k was approved November 2021. Additional £1.1m agreed at Cabinet October 2022. Urgency approved November 2022.	
6,629	17 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisition 20 x Houses	8,200		8,200	-1,106	7,094		Unspent budget to be pooled for future Housing Initiatives	Remaining budget removed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Budget for purchase of 20 houses. 17 properties purchased remaining budget deferred to 2023/24.
	18 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Modular Units	3,510		3,510	-3,510	0		Unspent budget to be pooled for future Housing Initiatives	Budget Removed	Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford.
515	19 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Hostel Expansion	325	190	515		515			Completed	Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2023/24. £150k approved by Cabinet June 2022 for increased cost of works to Hostel expansion. Additional £40k approved for Hostel expansion Cabinet November 2022.

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

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

Spend to 31st March 2023	SCHEME DESCRIPTION	Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		£000s	£000s	£000s	£000s	£000s				
9	40 CIL Landscape Enhancement Scheme Chignal Road	11		11		11	Deferred to 2026/27 - delays impact of financing cost	Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.	
533	41 Chelmsford Indoor Market Refurbishment	500	100	600		600		Indoor works completed. Outdoor works deferred to 2024/25	Approved supplementary estimate February 2018. Scheme design finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020.	
	42 Retail Market Drainage Improvements	31		31		31		Deferred to 2024/25	Approved by Council February 2022. Delegated authority to Director to spend within approved budget.	
	43 Retail Market Traders' Conveniences Remodelling	102		102		102		Agreed to defer to 2026/27	Approved Council February 2023. Scheduled for 2023/24. October 2023 reviewed and deferred to 2026/27.	
	44 Market Road Conveniences Accessibility	20		20		20		Yes	Approved by Council February 2023. Scheduled for 2023/24.	
	45 Public Convenience Refurbishment - Admirals and Central Park	168		168		168		Yes	Approved by Council February 2023. Two year programme scheduled to commence 2023/24.	
	46 Freighter House Depot Resurfacing Works	216		216		216		Yes	Approved at Council February 2023. Five year programme scheduled to commence 2024/25.	
	Sustainable Development									
103	47 Chelmsford Flood Resilience Programme	4,833	0	4,833		4,833		Deferred start of scheme to 2026/27 - delays impact of financing costs	Business case to be developed	This is the unspent budget from the withdrawn Environment Agency (EA). A new programme of works will be brought back to Cabinet at a later date. Agreement for S106 grants to be paid over to the EA.
32	48 Public Realm Wayfinding Signs Phase 3	150		150		150			No	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC to approve scheme.
4,388	49 Public Realm Tindal Square Design and Construction	160	4,228	4,388	339	4,727		Completed - final account for works still to be agreed	Approved at Council February 2018. The design works were completed 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m. Additional £485k approved at October 2022 Cabinet. Additional funding from ECC £450k.	

Spend to 31st March 2023		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
7,217	50 Chelmer Waterside Infrastructure (HIF) - Grant Funded	15,500	28,130	43,630		43,630		No	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £1.1m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. £375k approved July 2022. Council for increased design fees and appointment of Project Manager. As noted on previous reports to Cabinet and Council, the cost of scheme is expected to increase significantly above the approved budget. A £9m increase was previously discussed and officers believe it may be materially higher when a report is made Council in July for a decision as to how to progress the works. An additional £16.410m was approved by Council in July 2023.
1,461	51 S106 Beaulieu Park Station	100	1,550	1,650		1,650		Unspecified	Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. The expenditure on this scheme will be funded by S106.
2,865	52 S106 Beaulieu Park Station 2nd Phase	2,917	514	3,431		3,431		Unspecified	£2.917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.
24	53 S106 Stonebridge Illuminations	37	6	43		43		No	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k.
2	54 S106 River Can Pathway Lighting Design	10	6	16		16		No	Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k.
45	55 S106 Public Art Channels	21	79	100		102		No	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021.
	56 S106 Marconi Water Tower					30			
	57 CIL Sutherland Lodge Refurbishment	525		525		525		Business case Currently being reviewed	Approved Council July 2017.
	58 CIL St Andrew's Scout Hut Building	80		80		80		Dependent on Third party - Late delivery	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.
62	59 CIL Integrated Cycling Infrastructure Grant	100		100		100		No	CIL funding approved at meeting of the CIL Panel 23/1/2020.
	60 CIL Trinity Road School Improvements	950		950		950		Dependent on Third party	Approved at Council February 2021
	61 CIL Grant Chelmsford Society Model Engineers	5		5		5		No - dependent on Third party	CIL funding approved December 2021. Spend approved Council February 2022.

Spend to 31st March 2023		Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Impact of Management Team and Cabinet Review	Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s	SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
	62 CIL Knife Angel Legacy Public Art				10	10	Removed to aspirational - removes impact of loss of interest on use of CIL alternatively frees up CIL to be used for Waterside to remove need to borrow	No - dependent on Third party	CIL funding agreed
17	63 CIL Green Initiatives - Various Schemes	15	17	32		32		No - dependent on Third party	£100k CIL funding approved December 2021 for green initiatives grant funding. Spend approved Council February 2022. £100k pot is drawn down following approval of applications for funding.
	64 CIL NE Bypass Bridge Forward Funding	1,500		1,500		1,500		Dependent on Third party	Forward funding grant to ECC to be made 2021/22. Approved Council May 2021.
	65 CIL Army and Navy Contribution to ECC	4,000		4,000	-4,000	0		Scheme removed	Approved Council July 2022. October 2023 Review resulted in budget provision being removed and scheme to be included on future aspirations schedule
	66 CIL ECC East Chelmsford Cycling and Walking Connectivity	1,500		1,500	-1,500	0		Scheme removed	Approved Council July 2022. October 2023 Review resulted in budget provision being removed and scheme to be included on future aspirations schedule
20	67 UK Shared Prosperity Fund - Various Grant Funded Schemes	346		346		346		Yes	Approved by Council February 2023. Three year funded programme commenced 2022/23.
	68 Rural England Prosperity Fund- Supporting Businesses and Communities	400		400		400		Yes	Approved by Council February 2023. Two year funded programme commencing in 2023/24.

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

Table 27

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

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

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

Variations in excess of £25k see Table 23

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

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

Variations in excess of £25k see Table 23

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

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

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

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

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

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